TRANSITION PLAN

Building Resilience Across Transitions

JUNE 2026

LEONARDO

TECHNOLOGY FOR A SAFER FUTURE

EXECUTIVE FOREWORD

Leonardo's mission is to provide technologies for a safer future: integrated innovative solutions for defence, security and civil-protection that help countries and their institutions safeguard citizens and critical infrastructure and enable societal progress.

Provence, France. COSMO-SkyMed Second Generation Image © Italian Space Agency. Processed and distributed by e-GEOS.

Over the past years, Leonardo has strengthened its positioning across **defence and global security**, addressing evolving demand through integrated and dual-use platforms, systems and digital capabilities. In this context, transition is increasingly a matter of industrial performance, strengthening readiness through competitiveness and resilience. This is supported by a **performance-driven transition strategy**, focused on the **decoupling of growth from resource consumption and environmental impact**, and consistently with commitment towards customers: **on cost, on time and on quality.**

The Group promotes innovative initiatives, leveraging enabling technologies and key capabilities to build an interconnected and interoperable ecosystem involving all domains. In this scenario, Sustainability Strategy remains a strategic lever to reinforce the business resilience and is deeply connected with the Group Industrial Plan.

This **Transition Plan** presents the Leonardo climate and environmental strategy focusing on some main elements such as **Transition Finance** through **ESG-linked financial instruments, stronger Climate Scenario Risk Analysis also including suppliers**, new **critical raw materials initiative** and **accelerating the Digital Transition**.

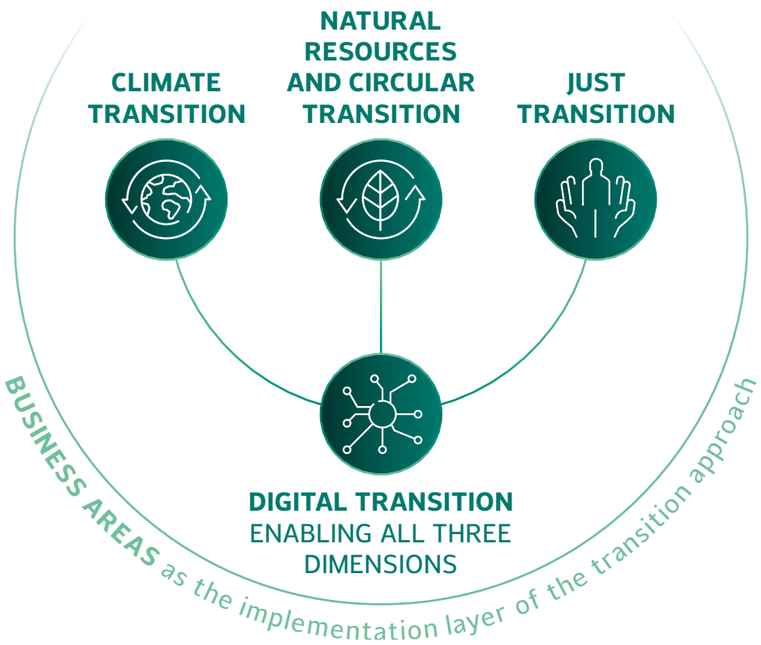
In addition, the Transition Plan strengthens the **disclosure on key investments to build capacity for the Transition**, improving **prioritization** and **traceability**, and introduces a **2050 Outlook**. The document is aligned with the **Corporate Sustainability Reporting Directive** (CSRD). It also reflects **CDP guidance**, including its technical note on climate transition plans, and draws on the **Transition Plan Taskforce** (TPT) framework (2023).

OUR AMBITION

Decoupling between **Growth** and **Impacts**

OUR ACTION

Through:
Governance, **Sustainable Finance** and **ESG performance**



OUR ACCOUNTABILITY

Metrics and **targets, Forward-looking** themes

The **Transition Plan** is structured around **three transition pillars**, enabled transversally by **Digital Transition** and embedded across **Leonardo's Business Areas**.

COMPANY PROFILE

62,762
PEOPLE WORLDWIDE

131
SITES AND MAIN PLANTS GLOBALLY

11,000
SUPPLIERS WORLDWIDE

150
COUNTRIES WITH A COMMERCIAL PRESENCE

-44%
CO_2 EMISSIONS (SCOPE 1 & 2)*

* Scope 2 MB and 2020 baseline.

€19.5 BN
REVENUES

€23.8 BN
NEW ORDERS

€46.6 BN
ORDER BACKLOG

€1.75 BN
EBITA

€3 BN
INVESTED IN R&D

NUMBER OF EMPLOYEES*

+3.6% patents
In 2025 compared to 2021

Over 120
Collaborations with universities and research centres in Italy and worldwide

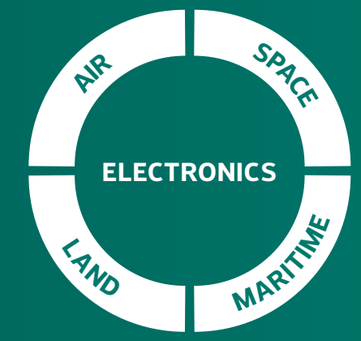
Over 150
PhD scholarships funded or co-funded currently active in Italy and the UK

17,000 people
Dedicated to R&D activities

* Employees in other countries: 3,970.

Leonardo is a global leader in Aerospace, Defence and Security, delivering advanced, interconnected technologies that ensure safety and continuity for people, infrastructures and ecosystems.

The Group operates in over 150 countries, providing integrated solutions and high-value services across the Aerospace, Defence and Security sector. It plays a prominent role in major international strategic programmes, and it acts as a trusted technological partner of governments, defence agencies, institutions and enterprises.



SPACE CLOUD — HPC & CLOUD — CYBER SECURITY

BUSINESS AREAS

- ELECTRONICS
- HELICOPTERS
- AERONAUTICS
- CYBER & SECURITY
- SPACE
- AUTOMATION

CONTENTS

1

THE STRATEGIC FOUNDATIONS

Rosetta, Egypt. COSMO-SkyMed Second Generation Image © Italian Space Agency. Processed and distributed by e-GEOS.

1.1 AEROSPACE DEFENCE AND SECURITY SECTOR IN THE GLOBAL CONTEXT

The Aerospace, Defence & Security sector is one of the major contributors to the global economy, supporting nearly **4.2 million jobs in Europe** alone[1] and underpinned by a world military expenditure that **reached a record $2.9 trillion in 2025** (2.5% of global GDP)[2]. European defence spending alone more than doubled over the past decade, reaching over **$800 billion in 2025**[1], while playing a central role in advancing the transition, strengthening security and driving innovation across industries.

VALUE OF SECURITY

$12
Trillion yearly

The yearly economic losses of cyber threats by 2030[3]

- Protecting people and **critical infrastructure** from **hybrid threats**
- Enabling **real-time monitoring**, secure communications and response
- Strengthening **resilience** and continuity of **essential systems**
- **Cyber security** and **Data Protection**

VALUE FOR TRANSITION

20-30%
Projected weight reduction at component level

Expected through graphene-enhanced composite materials in aerospace applications[4]

- **Circularity boosted materials** reduce weight and resource use
- **Digital solutions** improve energy and **operational efficiency**
- **Alternative fuels** and **virtualization** drive decarbonisation
- **AI & high-performance computing** enable next-generation multi-domain emergency surveillance and security

VALUE OF INNOVATION

€25.2
Billion

The value of A&D research and development in Europe in 2024[5]

- Defence technologies drive **cross-sector impact**: from satellite methane detection to deforestation monitoring and space-led innovation[6]
- **Dual-use technologies** - satellite comms, earth observation, autonomous systems - are next with AI and quantum, backed by €7.3bn in European Defence Fund (EDF) funding[5][6]
- European defence R&D reached €15.9bn in 2024 (+13.7%), driving breakthroughs in **AI, cyber and space**[5]

GLOBAL TRENDS

- Temperatures likely to exceed +1.5°C within the next decade
- $2.1T invested in low-carbon transition (2025)
- Rising physical and cyber attacks on critical infrastructure

SYSTEM INSTABILITY

- Geoeconomic confrontation is the top short-term risk
- Sanctions, supply chains and regulations as strategic tools
- Increasing armed conflicts and uneven economic impacts

CRITICAL MATERIALS SECURITY

- Sharp increase in demand for critical minerals (Cu, Li, Ni, REEs)
- Need for new mining and refining investments
- Recycling could reduce demand by 25–40% by 2050

REGULATORY LANDSCAPE

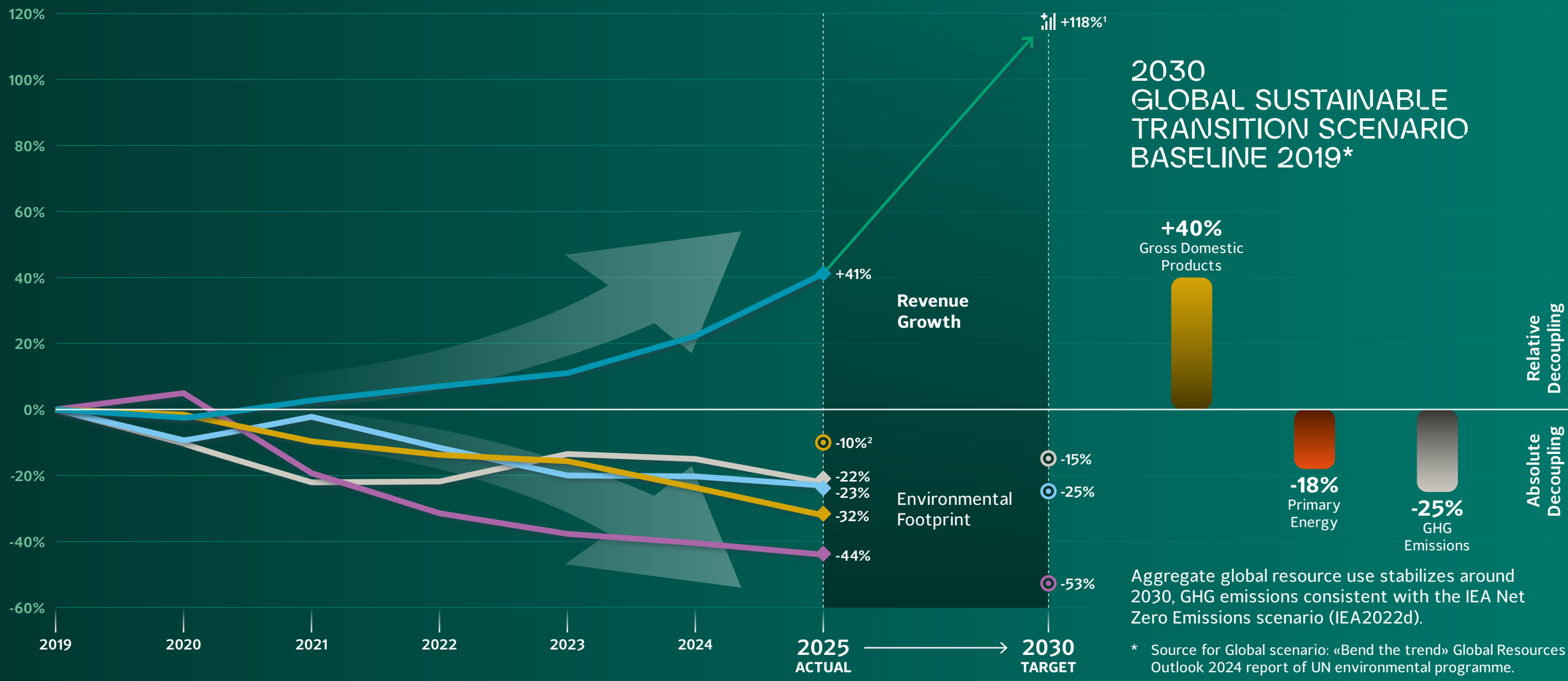
- EU policies and regulation are being rebalanced to reduce compliance burdens and protect competitiveness
- EU is pursuing autonomy (CRM, industrial capacity), and responsible digitalization (e.g., CSDDD, SFDR, Green Deal and EU Taxonomy)

1. ASD, Facts & Figures 2025, Aerospace, Security and Defence Industries Association of Europe, December 2025. Available at: https://www.asd-europe.org/news-media/facts-figures/.
2. Liang, X., Tian, N., Lopes da Silva, D., Scarazzato, L., Karim, Z. and Guiberteau Ricard, J., Trends in World Military Expenditure, 2025, SIPRI Fact Sheet, Stockholm International Peace Research Institute, April 2026. DOI: 10.55163/ZLHQ1057.
3. Cybercrime Magazine, 2025 Official Cybercrime Report (May 29, 2025), available at: https://cybersecurityventures.com/official-cybercrime-report-2025/.
4. A Comprehensive Circular Design Framework for Graphene-Enhanced Industrial Systems: Cross-Sectoral Methodology and Multi-Criteria Evaluation, Sustainable Production and Consumption, 2026.
5. Aerospace and Defence Industries Association of Europe (ASD,) Facts & Figures 2025. Available at: https://www.asd-europe.org/news-media/facts-figures/research-development/.
6. BCG Defence and Space, Total Societal Impact in the Defence and Space Industry, January 2025. Available at: https://www.bcg.com/publications/2025/measuring-total-societal-impact-of-defense-sector.

1.2 DECOUPLING STRATEGY

Leonardo's **transition strategy** is centered on the progressive **decoupling of business growth from resource consumption and environmental impact**, ensuring that increasing performances are supported by higher efficiency and more effective use of resources.

Building on these principles, this approach reinforces **operational efficiency, cost control and supply chain resilience,** supporting competitiveness in an increasingly complex and resource-constrained industrial environment.



Aggregate global resource use stabilizes around 2030, GHG emissions consistent with the IEA Net Zero Emissions scenario (IEA2022d).

* Source for Global scenario: «Bend the trend» Global Resources Outlook 2024 report of UN environmental programme.

1. Figure based on the latest available Industrial Plan, representing the most recent approved strategic framework at the time of development of the document.
2. Target overachieved.
3. Intensity consistent with the group kpi-target.
4. Reduction in absolute value in water withdrawals from aqueducts and wells.

1.3 CLIMATE AND ENVIRONMENTAL GOVERNANCE

A **strong governance structure** drives **Leonardo's commitment** to its **decarbonization** and **environmental transition strategy**.

The **Board of Directors** oversees **sustainability strategy**, including **climate** and **environment**, while **Top Management ensures** its **implementation** and **integration** across the **businesses** and the **value chain**, addressing **stakeholder expectations**.

On May 7, 2026, the Board of Directors defined the powers and responsibilities of the Chairman, Chief Executive Officer and General Manager, and Co-General Manager. Pending the definition of a detailed organizational structure and the related organizational chart, the Board has established the joint reporting of the Sustainability Business Unit to both the Chairman and the Chief Executive Officer and General Manager. Leonardo's detailed organizational chart will be made available as soon as the organizational structure is approved by the Board of Directors.

EXECUTIVE COMPENSATION & INCENTIVES

Leonardo's remuneration incentives are designed to support the creation of sustainable long-term value and are aligned with the Industrial and Sustainability Plans.

The remuneration policy is based on a pay-for-performance approach, with variable components linked to short- and long-term objectives, including ESG targets - such as safety, environmental impact reduction and diversity & inclusion - alongside financial and operational indicators.

Accordingly, incentive schemes for the CEO and General Manager, Co-General Managers, Group executives (MBO and LTI) and key managers incorporate ESG metrics, including climate-related ones.

- Population involved in the **Short-Term Incentive Plan** (MBO) is equal to about **1,200** Group executives, including Managers with Strategic Responsibilities and Top Managers of Leonardo.
- Population involved in the **Long-Term Incentive Plan** is equal to about **250** Group executives, including Managers with Strategic Responsibilities and Top Managers of Leonardo.
- Starting from 2021, middle managers in Italy have been assigned a target bonus.

Variable remuneration component	**% of variable remuneration linked to sustainability objectives**
Short-Term Variable Component (MBO)	**10%** linked to sustainability objectives, including: › Inclusion in the Dow Jones Best-in-Class Indices › Reduction of the average accident frequency rate index
Long-Term Variable Component (LT)	**10%** linked to sustainability objectives, including: › CO_2 emission intensity reduction (Scope I and II market-based on revenues) › Increased hiring of women with STEM degrees (50% minimum target, 100% full target)

1.3.1 ORGANISATIONAL ROLES AND RESPONSIBILITIES DESCRIPTION

BOARD OF DIRECTORS (BOD)

Key Activities

- Promote the integration of sustainability in the Group strategies and business for long-term value creation
- Examine and approve the strategic, industrial and financial plans
- Monitor periodically the implementation of the Industrial and Sustainability plan and its objectives
- Validate and monitor the Transition Plan

Key Features

12 DIRECTORS

5 FEMALE DIRECTORS

10 INDEPENDENT DIRECTORS

13 MEETINGS

100% ATTENDANCE RATE

CLIMATE AND ENVIRONMENTAL STEERING COMMITTEE

Key Activities

- Monitor sustainability strategy implementation including climate and environmental strategy, as well as water
- Verify progress on sustainability and decarbonization targets
- Validate and monitor the Transition Plan
- Report to the Board of Directors at each meeting

Key Features

12 C-LEVEL EXECUTIVES

BOARD COMMITTEES

Support the **BoD** in sustainability strategy and target monitoring

SUSTAINABILITY AND INNOVATION COMMITTEE

Key Activities

- Monitor sustainability strategy implementation, including climate and environmental strategy
- Verify progress on sustainability and decarbonization targets
- Validate and monitor the Transition Plan
- Report to the Board of Directors at each meeting
- Provide an annual report on activities carried out

Key Features

5 DIRECTORS

100% INDEPENDENT DIRECTORS

13 MEETINGS

91% ATTENDANCE RATE

CONTROL AND RISKS COMMITTEE

Key Activities

- Support the BoD in internal control and risk management decisions
- Oversee ESG risks including climate and environmental related risks
- Report to the BoD at every meeting

Key Features

5 DIRECTORS

100% INDEPENDENT DIRECTORS

13 MEETINGS

95% ATTENDANCE RATE

The organisational roles in force as of 2025. ESG-linked remuneration data refers to the 2025 framework, as approved and disclosed in the 2025 Integrated Report.

1.3.2 TOP MANAGEMENT ACTIVITIES, REPORTING FLOW AND ITS FREQUENCY

CEO & GENERAL MANAGER

Key Activities

- Approves climate and environmental strategy
- Monitors climate-related risks and opportunities
- Monitors environment-related risks and opportunities
- Validates the Transition Plan

REPORTS TO
BOARD OF DIRECTORS
AT LEAST ANNUALLY

CHIEF SUSTAINABILITY OFFICER (CSO)

Key Activities

- Defines and manages the Group's climate and environmental strategy
- Defines the Transition Plan and Climate Scenario Analysis
- Integrates climate-related topics into the Group's business strategy, as well as water and biodiversity
- Monitors progress against climate-related and environmental corporate targets
- Ensures involvement of every function, business area and value chain stakeholder in climate strategy execution
- Monitors environmental working groups (6 currently held)

REPORTS TO
CHAIR
MORE THAN MONTHLY

REPORTS TO
CEO & GENERAL MANAGER
MORE THAN MONTHLY

CHIEF FINANCIAL OFFICER (CFO)[1]

Key Activities

- Prepares the Consolidated Sustainability Statement, ensuring CSRD/ESRS compliance
- Supports the CEO in management of operational/financial risks including environmental and climate-related ones
- Ensures planning and control of Group's investments related to environment and climate transition

REPORT TO
SUSTAINABILITY COMMITTEE
EVERY MONTH

REPORT TO
CONTROL & RISKS COMMITTEE
AT LEAST ONCE A YEAR

OTHER COMMITTEES*

- **NOMINATION AND REMUNERATION**
- **GEOPOLITICAL, INDUSTRIAL SCENARIOS AND TECHNOLOGICAL INNOVATION**
- **GOVERNANCE AND RELATED PARTIES**

* Where the Sustainability can be involved in.

SUSTAINABILITY GOVERNANCE

A dedicated central unit leads the strategy, including climate and environmental priorities, the Sustainability Plan, regulatory monitoring and positioning, stakeholder and supplier engagement, social impact initiatives, and relations with third-party assessment organizations such as ESG rating agencies. This approach is supported by a wider professional network, with dedicated teams across divisions, corporate functions, and the Group's main locations, ensuring effective implementation throughout the organization.

As defined by the Board of Directors on May 2026.
1. Reports to Co-General Manager.

2

SUSTAINABLE FINANCE, ENGAGEMENT & RATINGS

2.1 SUSTAINABILITY OPERATING MODEL

GROUP MISSION

PROVIDE TECHNOLOGIES FOR A SAFER FUTURE

Bridging transition from Defence to Global Security through innovation

SECURITY ⟷ **PROSPERITY**

READINESS

Is the business enabler to the Group mission: ready to deliver today and adapt to tomorrow

READY NOW
Strengthening core business

READY FOR TOMORROW
Leading the way to global security

SUSTAINABILITY

Increases efficiency and risk protection, reinforcing Leonardo as trusted partner for institutions

Since 2021, **Leonardo's Sustainability Plan** has been guiding the Group's journey toward long-term readiness and value creation.

- **Group-wide integration** across all divisions
- **Multi-year journey** launched in 2021, continuously evolving
- **Execution-driven** translated into actions, investments and targets

OUR SUSTAINABLE OPERATIONS MODEL:

ADVANCE TECHNOLOGIES

Develop multi-domain solutions for global security to detect, protect, analyze, respond and adapt

EFFICIENT OPERATIONS & RESILIENT SUPPLY CHAIN

Decouple growth from resources through circularity and digitalization, partnering with suppliers

PEOPLE EMPOWERMENT & SOCIAL IMPACT

Foster STEM capabilities, and generate shared value for communities

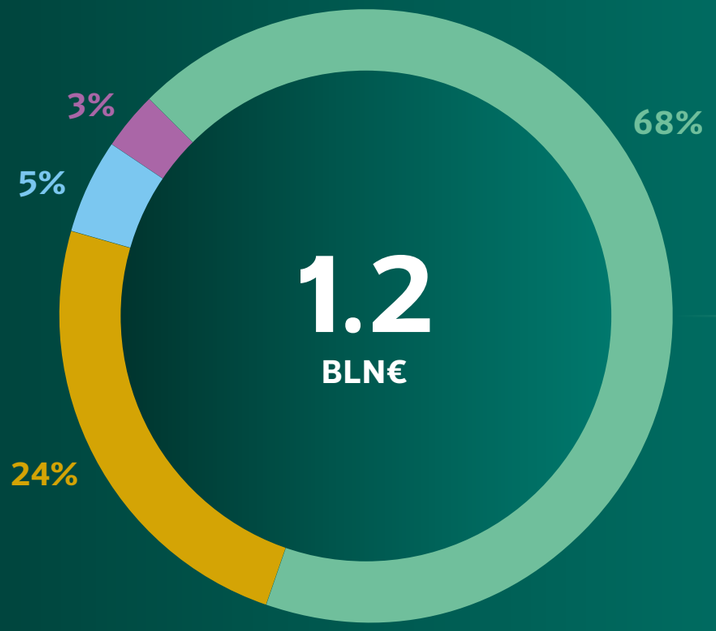
Underpinned by

BUSINESS ETHICS & HUMAN RIGHTS

To set governance standards for how Leonardo conducts business, manages its value chain & supports customers

2.2 CLIMATE TRANSITION AND SUSTAINABILITY PLAN INVESTMENT 2026-2030

Leonardo's Industrial Plan includes more than **€4 billion** in **SDG-related investments**[1], of which **€1.2 billion** have been identified as **relevant** to the **climate transition**[2].



Divided by:

FUEL REDUCTION

Flying product efficiency to reduce weight, optimize transportation and replace engine.

SIMULATION

Increase number and performance of simulators to unlock new mission-scenarios.

ENERGY EFFICIENCY

Activities to optimize energy consumption.

ADAPTATION

Solutions for emergency management and prevention.

Methodology: Elaboration based on company data, based on Budget Plan 2026-2030.

1. **Related to both capitalized and expensed investments.**
2. **Threshold investment more than 10 mln € integrated with Sustainability Plan projects.**

SUSTAINABILITY PLAN

+450 M€

spend under **Sustainability Plan** in the previous period **2021-2025**

The projects that are included in the **Sustainability Plan** and the relative investments are fully related to Sustainability topics and represent the main levers to reach the Group Sustinability Target.

~420 M€

of cumulated CapEx and OpEx planned of the Sustainability Plan Projects

10

Top Project accounting for ~75% of total CapEx and OpEx planned

+980 M€

expected revenues from Sustainability Plan projects over 2026-2030

2.3 TRANSITION FINANCE AS A STRATEGIC ENABLER FOR TRANSITIONS

Leonardo has strengthened the integration of ESG criteria into its financing strategy, with 79% of funding sources ESG-linked. Through instruments such as Revolving Credit Facility, term loans and EIB financing, the Group aligns funding with its long-term strategy. KPIs focus on emissions reduction, digital efficiency and talent development, linking financial performance to sustainable value creation.

79% of **Leonardo funding sources** are **“ESG linked”**

ESG linked financial transactions

€1.8 bn ESG linked Revolving Credit Facility (RCF)

€600 mln ESG linked Term Loan

€260 mln EIB Loan

€600 mln New Term Loan - ESG linked amortizing - 2026

Financing Sources

~€4.1 bn

79% ESG linked

Q1 2026

KPI selected fully aligned with ESG strategy

Reduction of CO_2 direct and indirect emissions

Scope I-II-III

Computing power per capita

Employment of women with STEM

ESG Linked Funding Sources

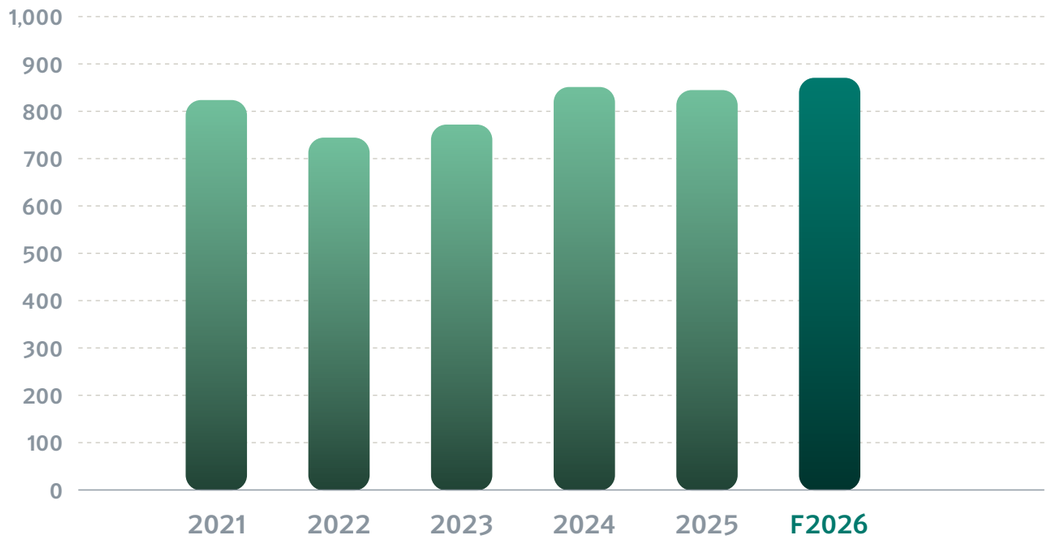
There is a growing emphasis on directing capital towards projects that address systemic risks such as climate change, biodiversity loss, and social inequality, with a focus on resilience and natural capital preservation.

Transition finance is driven by energy security, industrial competitiveness and climate resilience. The sustainable bond market is expected to rebound in 2026, reaching ~€870bn.

~€870 bn

Sustainable bond market rebound expected in **2026**

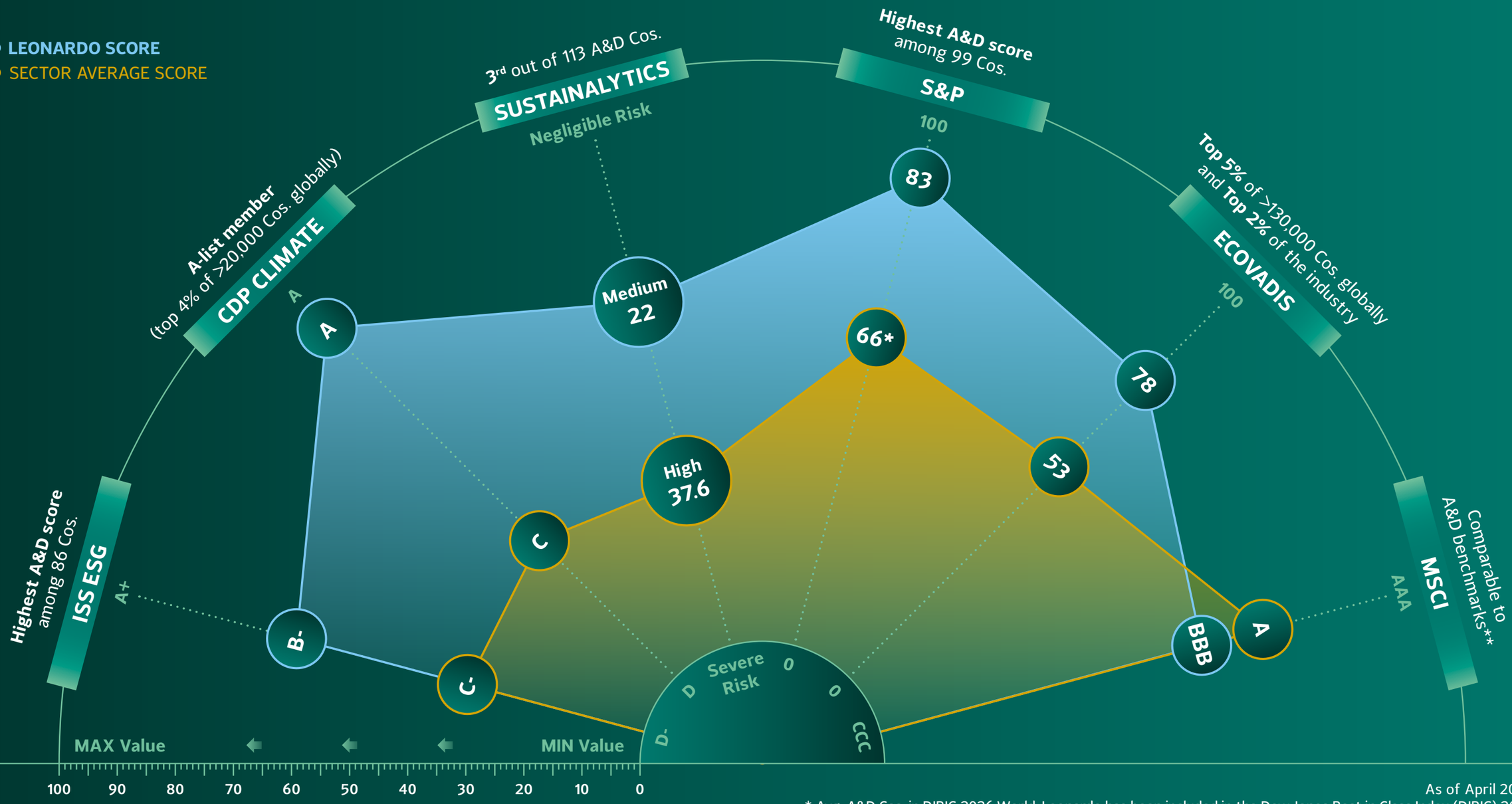
Yearly sustainable bond issuance (All currencies; EUR bn-eq)



Sources: Crédit Agricole CIB, Sustainable Outlook for 2026: A Maturing ESG Fixed Income Market Moving Towards Resilience (January 8, 2026), available at: https://www.ca-cib.com/en/news/sustainable-outlook-2026-maturing-esg-fixed-income-market-moving-towards-resilience.

2.4 ESG RATINGS

Analysts, specialist ratings agencies and other international organisations periodically assess the ESG (Environmental, Social and Governance) performance and transparency in communications. Over the years, Leonardo has improved its position in the ratings and ESG indices, confirming itself as leader in its sector.



As of April 2026.
* Avg. A&D Cos. in DJBIC 2026 World. Leonardo has been included in the Dow Jones Best in Class Index (DJBIC) 2026, both in the World and Europe, for the sixteenth consecutive year.
** After the review of March 2026, now under reassessment.

2.5 ENGAGEMENT & ADVOCACY

The transition towards a sustainable future is a collective effort that requires active collaboration across the ecosystem. Leonardo plays an active role in global initiatives to combat climate change and support environmental protection, engaging with communities, institutions, industry associations and stakeholders to increase people's awareness of the exposure to the climate risks, through capacity building initiatives aimed at disseminating the climate risk culture gathering input and supporting the achievement of the Transition Plan.

The Company ensures that all advocacy and engagement activities are aligned with its sustainability strategy, including decarbonisation targets validated by SBTi and consistency with the Paris Agreement. Engagement is structured across key areas: double materiality assessment, regulatory monitoring and active participation in industry associations.

ASD EUROPE

Leonardo is an **active member of the board of the main European AS&D industry association, chairing one of its Sustainability Commission** and contributing to commissions and working groups on sustainability, environmental regulation, REACH and chemical management, including sector guidelines on waste.

EUROPEAN DEFENCE AGENCY

Leonardo participates in the **European Defence Agency's IF CEED initiative on circularity** for Defense, developing pilot projects on armaments circularity and strategic autonomy.

CSR EUROPE

Leonardo has been part of **CSR Europe since 2021, and joined its Board in 2025,** fostering cross-industry collaboration and contributing to initiatives such as the Biodiversity Alliance to advance ecosystem management practices.

UN GLOBAL COMPACT

In 2018, Leonardo joined the UN Global Compact, contributing to diversity, inclusion and climate action in line with the 2030 Agenda, and serves on the Board of the UNGC Network Italia.

IAEG BOARD

Since 2025, Leonardo chairs the IAEG Board, driving collaboration on environmental innovation, circular economy, critical materials and sustainable supply chain development in aerospace.

ESA

Leonardo is **signatory in Statement for Responsible Space by ESA** and contributes to taskforces and working groups on Ecodesign and Life Cycle Assessment.

AZEA

Leonardo is part of the European **Alliance for Zero-Emission Aviation (AZEA)**, a European Commission initiative supporting the transition to hydrogen and electric aircraft. Within this multi-stakeholder platform, Leonardo contributes to addressing technological, infrastructural and regulatory challenges, helping define coordinated solutions and a shared roadmap toward climate-neutral aviation.

CONFINDUSTRIA

Leonardo actively contributes to **Confindustria and its various branches,** engaging in strategic dialogue at national and EU level. Through governance roles and technical groups, it promotes best practices in sustainability and innovation. This engagement supports coordinated advocacy and supply chain initiatives.

3 MAKING THE TRANSITION REAL

Poyang Lake, China. DEIMOS-2 Image © Deimos imaging an UrtheCast Company.

3.1 CLIMATE TRANSITION

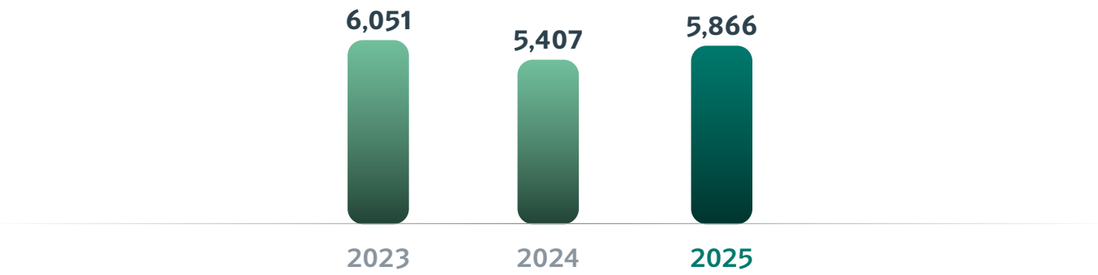
Climate Commitment

Leonardo's decarbonization plan is aligned with the Paris agreement goal of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels and/or with the latest climate science Leonardo is working towards a lower-carbon economy and align with climate goals such as limiting global warming to 1.5°C. The Group strengthens its role in security and technology, supporting customer decarbonisation with a commitment to reduce emissions across the value chain. The following three targets are validated by and aligned with the **Science Based Targets initiative (SBTi)** methodology:

SCIENCE BASED TARGETS

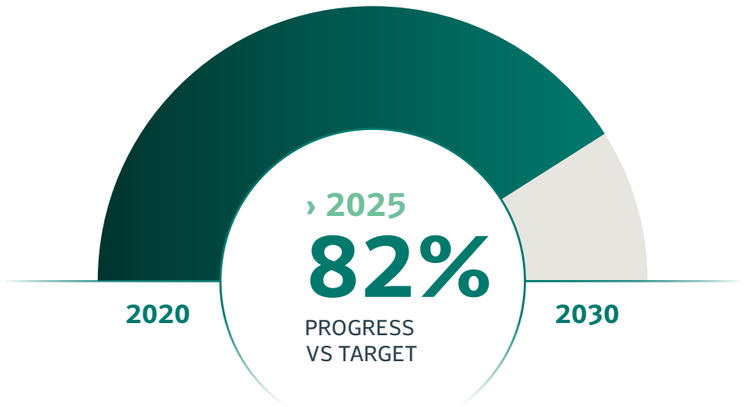
Leonardo Carbon Footprint

The carbon footprint 2025 amounts to ~5.9 $MtCO_{2e}$ (Market based), showing a slight overall increase, while remaining below business growth. This trend reflects a moderate rise in operational emissions linked to capacity expansion, alongside an increase in value chain emissions driven by higher activity levels across both upstream procurement (+8%) and downstream use-phase (+11%).



SCOPE I & II MARKET BASED

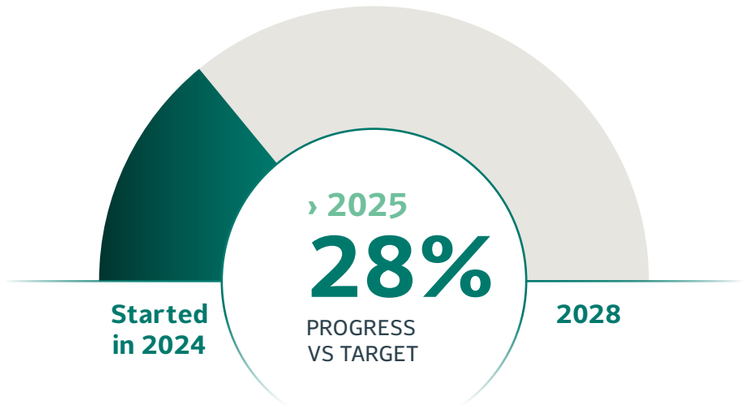
Target: **53%** reduction of absolute Scope I & II MB GHG emissions by 2030 from a 2020 base year.



The target covers 100% of Scope I & II MB emissions, with the intent to improve business efficiency, reduce energy consumption and direct and indirect emissions.

SCOPE III - CAT. 1&2

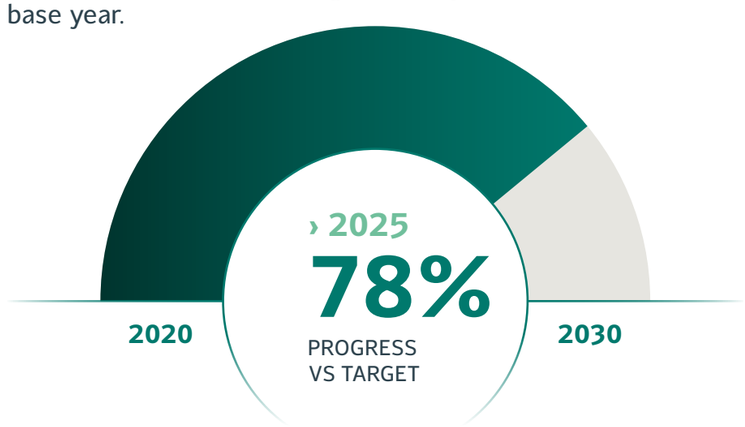
Target: **58%** of suppliers by emissions with Science-based targets set by 2028.



Leonardo promotes supply chain decarbonization through a specific Supplier Engagement and Development program launched in 2024, involving a community of more than 600 key suppliers on a global basis.

SCOPE III - CAT. 3 → 8&11

Target: **52%** reduction of Scope III - Cat. 3 → 8 & 11* GHG emissions per equivalent flight hour by 2030 from a 2020 base year.



Leonardo aims to achieve this target through the development and market introduction of lower impact products, virtualization of the offerings (next-generation simulators), and decarbonization pathways for other indirect emissions.

* Fuels and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets, and the use of sold products.

3.1.1 CLIMATE LEVERS

Scope I&II

ENERGY EFFICIENCY

Full Potential Lighting Programme

› LED lighting replacement across sites; enabling ~31 GWh/year savings and ~10,000 tons CO_{2e} avoided annually.

ENERGY TRANSFORMATION AND EFFICIENCY

Thermal Energy Consumption Efficiency

› New thermal plant at Vergiate (Helicopters) reducing gas consumption (~900,000 m^3/year; ~1,800 tons CO_{2e} avoided); Feasibility studies ongoing for further efficiency improvements in other industrial sites.

ENERGY MIX REBALANCING

Energy Self-Production Programme

› Renewable plants development with ~43 MWp contracted capacity (19 agreements); 14.8 MWp installed by 2025 (35%), with expansions across key sites.

› Solar self-consumption (~11,400 MWh in 2025); expected ~55 GWh/year and ~13,000 tons CO_{2e} avoided once fully operational.

Renewable Electricity NEW

› Increased renewable electricity sourcing; with 86% of electricity covered by Guarantees of Origin. In 2025, Leonardo established a **new target to source 90% of its electrical energy from renewable sources by 2030**.

OTHER PROJECTS

SAFs for Internal development and test flights

› Adoption of SAF blends (aiming at operational compatibility up to 50%, currently at 30%) and ongoing R&D; planned (2025–27).

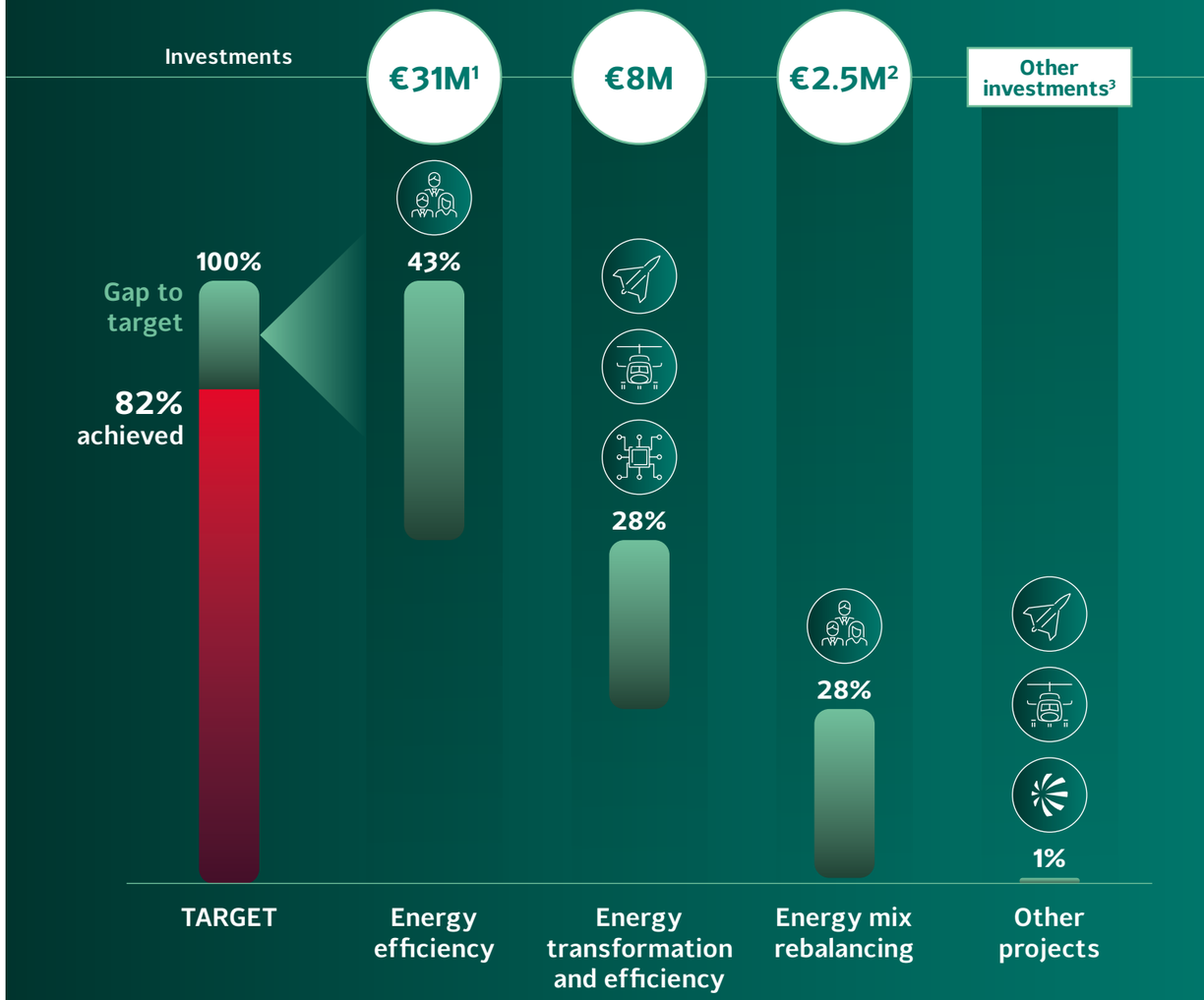
Electric and hybrid cars

› Fleet electrification at 83% (target exceeded), expected ~90% by 2026; carpooling at 68%.

Virtualization

› Advanced training simulators (e.g. VxR, MITHOS) improving training efficiency and reducing flight emissions.

Planned Levers and Investment to achieve the target



Percentages in the graph represent the relative portion of emissions to be abated by 2030 from each decarbonization lever, based on their forecasted weight on LDO footprint.

1. The majority of the amount has already been spent and the benefits of leverage will be ongoing over time.
2. Self-production initiatives are implemented through third-party arrangements and do not involve direct capital investment by the company, while Guarantees of Origin (GOs) are regarded as operating expenses, with costs varying annually, not entirely comparable to capital investments.
3. Leonardo invests over 18 M€ on other decarbonisation projects (SAF; fleet electrification; virtualisation).

3.1.2 CLIMATE LEVERS

Scope III Cat. 1-2: supplier engagement

MEASURE

Assessing Suppliers ESG maturity, Risk & Performance

› Understanding suppliers' **ESG risks, impacts** and **maturity** to define improvement initiatives, through focused assessments, promoting the implementation of AD&S supply chain **sector initiatives** (IAEG-EcoVadis, Joscar).

70+% Spend assessed

ENGAGE

Engaging relevant Suppliers on ambitions and targets

› Identify and engage key suppliers to **share Leonardo sustainability and decarbonization ambition**, the supply chain's impacts and **define a roadmap to targets**.

Target: **58% of suppliers by emissions with Science-based targets**

16% Achieved in 2025

SUPPORT

Driving and accelerating Suppliers' Capability Building

› Support **suppliers' capacity & capability building** with sustainability training programs, workshops and coaching for SMEs with a focus on ESG risk management, efficiency and decarbonization.

Target: **>500 key suppliers trained on ESG topics and decarbonization**

306 Achieved in 2025

INCENTIVIZE

Reward and simulate suppliers' improvement

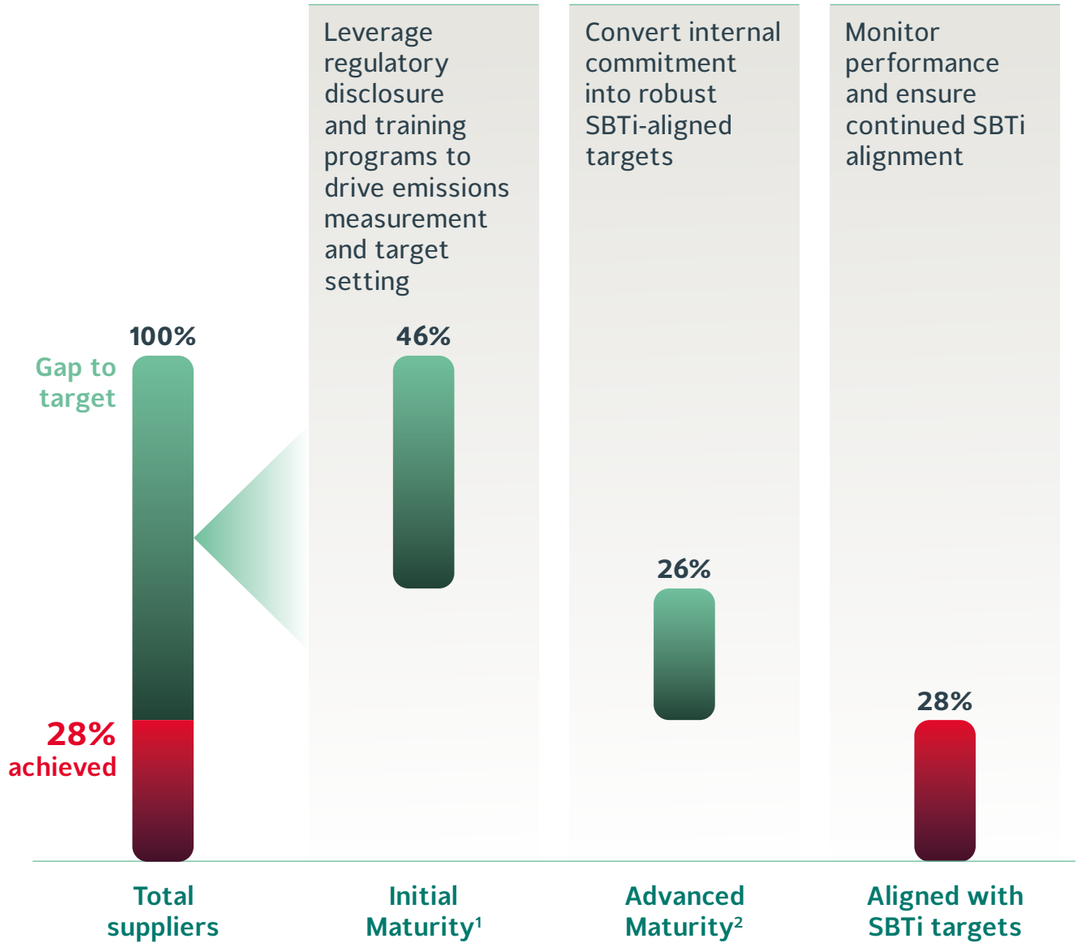
› Implementation of an incentive system to **reward and stimulate the improvement** of suppliers' sustainability performance and their contribution to Leonardo's targets.

Target: **70% (in value) of major new tenders awarded with ESG criteria/requirements**

34% Achieved in 2025

Leonardo drives its suppliers' **growth, competitiveness and resilience** through specific **engagement and development programs**, to guarantee the increasing production volumes of the Industrial Plan, while reducing the supply chain ESG risks, the environmental impacts and the emissions. Through capability building programs and progressive integration of sustainability criteria in technical specifications and procurement processes, Leonardo leverages its industrial role to drive transformation across its value chain.

Supplier maturity level and engagement approach



1. Suppliers with limited GHG emission accounting and disclosure.
2. Suppliers with advanced climate maturity, characterized by complete emission accounting, defined targets and eventual formal commitment to join SBTi.

3.1.3 CLIMATE LEVERS

Scope III Cat. 3-8, 11

VIRTUALIZATION

Pilot training & simulation

› Advanced simulators enable virtual training, reducing real-flight needs, emissions and costs, while enhancing integrated operational scenarios.

› **~110,000 tons of CO_2 avoided thanks to virtualization in 2025.**

IN-OPERATION EMISSIONS REDUCTION

SAF & alternative fuels

› Up to 50% SAF compatibility testing enable lifecycle emission reductions.

Fleet efficiency & upgrades

› Development of hybrid/electric propulsion technologies with Leonardo Innovation Labs and participation in research projects focused on fleet upgrades.

SERVITIZATION AND PREDICTIVE MAINTENANCE

Digital services & maintenance

› Digital tools and integrated services improve fleet efficiency, reduce downtime and optimize maintenance.

SUSTAINABLE MOBILITY OF EMPLOYEES & SHIPPING

Employee mobility

› Sustainable commuting initiatives promote lower-impact travel behaviors.

Logistics optimization

› Centralized logistics and transport optimization improve efficiency and reduce environmental impact.

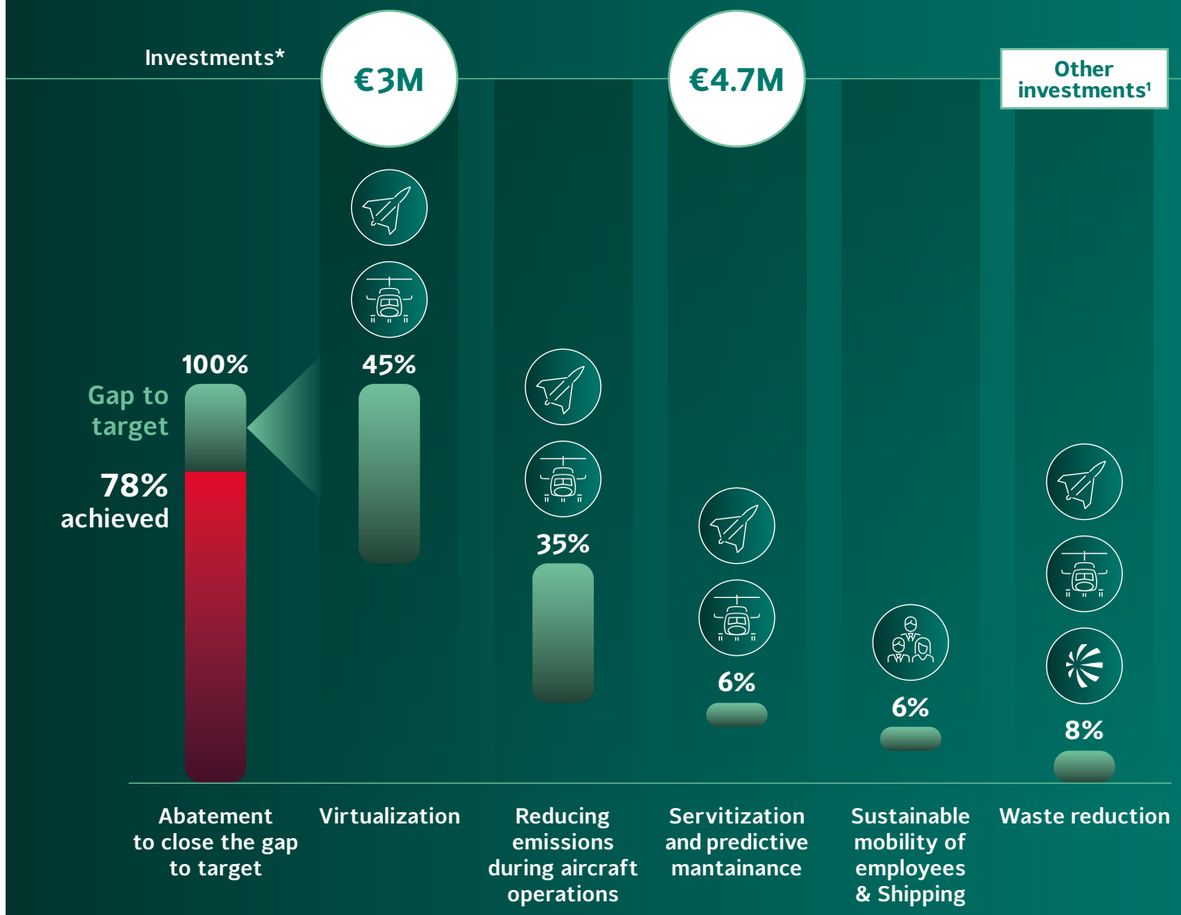
WASTE REDUCTION

Circular economy

› Waste reduction supports circularity and long-term environmental performance.

Leonardo works to reduce Scope III emissions associated with the use of its products and services by promoting innovative solutions such as virtualization, alternative materials and next-generation fuels that help customers reduce emissions.

Planned levers and investments to achieve the target, building on results enabled by actions already implemented



Percentages in the graph represent the relative portion of emissions intensity measured against equivalent flight hours abated to 2030 from each decarbonization lever, based on their forecasted weight on the LDO Scope III downstream KPI. Where direct investments are not reported, they are either classified as OPEX or not directly attributable to Leonardo.

* SAF-related initiatives are accounted for as operating expenses and do not involve direct capital investment by the company, while sustainable mobility initiatives are primarily operational in nature and do not currently involve significant capital investments.

1. Leonardo invests approximately €9.5M in waste reduction projects that impact Scope 3 emissions (Category 5).

3.1.4 CLIMATE RISKS AND OPPORTUNITIES

Own operations: physical risk scenario analysis

Leonardo regularly updates its Climate Risk Scenario Analysis - the data and methodology build on the Transition Plan 2025 - evaluating the resilience of the business and assets to climate physical risks across three scenarios.

CLIMATE SCENARIOS:

SSP1-2.6 (+1.5°C to +2.0°C), SSP2-4.5 (+2.1°C to +3.0°C), and SSP5-8.5 (+3.3°C to +4.5°C). The analysis assesses potential financial impacts, such as property damage, cost increases, and productivity loss - supporting informed strategic decisions.

MAIN UPDATES 2026

0 PERIMETER DEFINITION

Analysis **extended from 61 to 131 sites** across the **full environmental reporting perimeter**

1 HAZARD EXPOSURE

Leverage **9 metrics**[1] to size Leonardo sites' exposure to climate events, adding a **new metric** (i.e. subsidence)

2 ASSET VULNERABILITY

Introduce **site-specific vulnerability**[2] considerations into the assessment to quantify residual risks

3 FINANCIAL QUANTIFICATION

Update financial data across **all sites** and improved **expected damage quantification**

4 MITIGATION MEASURES

Assess **impact** of **site-specific mitigation measures** on expected financial damage to foster **implementation of priority actions**

5 USE CASE

Develop **use case** using **Leonardo Group Capability** provided by **e-GEOS** focusing on **flood risk** at the **Nerviano site and heat island in the surrounding area**

KEY FIGURES

100% of **sites and employees** within the **environmental reporting perimeter** have been considered.

Representing more than **85%**[3] of **total Leonardo employees**.

All 9 perils have been assessed for **2030** and **2050** projections under **SSP1-2.6**, **SSP2-4.5** and **SSP5-8.5 climate scenarios**.

3 types of potential financial impacts over manufacturing sites and offices:

› damage to property
› operational disruption
› increasing costs

ANALYSIS RESULTS

Flood poses the highest economic threat, accounting for the majority of projected direct damage across all time horizons.

Heat is the peril that increases most over time, nearly tripling by 2050 vs. 2030 and becoming the second-largest physical risk by expected annual losses.

Water stress[4]**, wind** and **fire** may pose a material risk of business interruption.

Potential Economic Losses are expected to grow by 2050, main drivers are asset damage and business interruptions.

ACTION PLAN

LEVERS

› Insurance coverage
› Structured transversal Climate Risk Analysis program
› Site-specific mitigation plans

MAIN ACTIONS

› Exploring new insurance / self-insurance solutions to mitigate climate risks
› Strengthening physical risk into risk management procedures to preserve infrastructures, protect people safety and identify actions on a recurring basis
› Design and implementation of site-specific mitigation plans to reduce residual risk
› Develop the use cases using Group internal Capability

1. Flood, wind, heat, hail, water stress, fire, precipitation, cold, subsidence;
2. How much specific asset can be damaged or lose function when exposed to a hazard.
3. Despite the expansion of the analysis to a larger number of sites, the coverage of total Leonardo employees increased from approximately 80% to approximately 85%, driven by the inclusion of sites with a lower headcount and the overall growth in Leonardo's total workforce.
4. The 'drought' peril has been replaced by 'water stress'. This represents a broader analytical dimension compared to the one used last year, which also accounts for the fact that the score assigned to this dimension differs accordingly.

3.1.5 CLIMATE RISKS AND OPPORTUNITIES

Supply chain: physical risk scenario analysis

As a natural extension of its own operations physical risk assessment, Leonardo, for the first time, applied the same climate risk methodology to its supply chain through two complementary tracks also considering key **interdependencies** across the value chain. For large suppliers, a maturity assessment was conducted based on public disclosures. For SMEs, a pilot physical risk assessment targeted suppliers in key product categories feeding Leonardo's manufacturing sites - extending the risk scope beyond Leonardo's own assessed locations to capture upstream exposure. Given SMEs' typically lower maturity on climate risk topics, this initiative also serves as an opportunity for Leonardo to act as an enabler of the transition: helping suppliers understand emerging climate risks, strengthen their resilience, and align with decarbonization pathways - supporting long-term operational continuity and shared value creation across the value chain.

SUPPLY CHAIN PHYSICAL RISK METHODOLOGY:

0 PERIMETER DEFINITION

Selection of **relevant large international suppliers**

Pilot analysis on **~70 relevant local SME suppliers** in **key product categories** (i.e. mechanics, electronics & equipment) - selected for proximity to Leonardo sites

1 HAZARD EXPOSURE

Analysis based on **publicly available data** to a**ssess suppliers[1] maturity** and **actions** regarding **climate scenario analysis** across their sites

Leverage **9 metrics[1]** to size Leonardo **suppliers sites' exposure** to climate events, extending Leonardo's own operations methodology

2 ASSET VULNERABILITY

Introduce **vulnerability[2]** considerations into the assessment

3 FINANCIAL QUANTIFICATION

Assess **implications** on **at-risk procurement** across the different locations/suppliers

4 MITIGATION MEASURES

Consider supplier engagement initiatives to drive mitigation actions

KEY FIGURES

RELEVANT - LARGE SUPPLIERS

- **Selection of international large suppliers** considered
- **TCFD reports** and **public disclosure** analysed to **assess maturity** on **climate scenario analysis**

RELEVANT - SMALL & MEDIUM SUPPLIERS

- **110 pilot locations** selected in **5 countries**, corresponding to **~70 SME suppliers**
- **9 perils[1] have been assessed** for **2030** and **2050** projections under SSP1-2.6, SSP2-4.5 and SSP5-8.5 climate scenarios

ANALYSIS RESULTS

RELEVANT - LARGE SUPPLIERS

- **Suppliers** were **classified** according to their estimated **level of maturity**, which was found to be **medium to high on average**
- For **suppliers** with **lower maturity** levels, **engagement initiatives** will be considered to **encourage** them to **assess** and **address climate-related risks**

RELEVANT - SMALL & MEDIUM SUPPLIERS

- Assigned a **risk score** to each analyzed **location**, **supplier**, and **product category**
- For the **highest-risk suppliers**, **locations**, and **product categories**, **engagement initiatives** will be considered to **share** the **identified risks** and to help **strengthen resilience across supply chain**

1. Flood, wind, heat, hail, water stress, fire, precipitation, cold, subsidence.
2. How much specific asset can be damaged or lose function when exposed to hazard.

Tirana, Albania. COSMO-SkyMed Second Generation Image © Italian Space Agency. Processed and distributed by e-GEOS.

3.1.6 CLIMATE RISKS AND OPPORTUNITIES

Transition risk scenario analysis

Transition risk has been assessed as the potential financial losses that may arise, directly or indirectly, from the transition to a lower-carbon and more environmentally sustainable economy. The Transition Risk Assessment evaluated financial and operational impacts over the 2030-2050 time horizon under three transition scenarios: Net Zero Emissions by 2050 (NZE), Announced Pledges Scenario (APS), and Stated Policies Scenario (STEPS). The analysis considered risks driven by regulatory shifts, technological advancements, market dynamics, and reputational factors, with the aim of anticipating challenges, identifying opportunities, enhancing competitiveness and supporting strategic decisions for long-term business resilience.

CLIMATE TRANSITION DRIVERS:

POLICY AND LEGAL | **MARKET** | **REPUTATION** | **TECHNOLOGY**

KEY FIGURES

4 key transition drivers have been considered: **policy and legal, market, reputational**, and **technological risks.**

30 years is the **time horizon** over which the analysis extends (beyond the 2020 baseline).

3 future scenarios are covered in the analysis: **Net Zero, Announced Pledges,** and **Stated Policies.**

3 key macro-geographical areas, consisting of **EU, UK,** and **USA,** have been considered.

ANALYSIS RESULTS

Risks coming from the **Policy and Legal** category have the **highest impact** on the overall **transition risk**s estimated over the considered time period.

Assuming a **net-zero scenario**, the associated **costs** will **peak in 2030**. Costs will decrease in the following 20 years.

Carbon taxes represent the **main cost driver** associated with **emerging policies**, considering the “Announced Pledges” scenario as the baseline (+1.7°C by 2050).

ACTION PLAN

LEVERS

- SBT strategy & Action Plan
- Continuous investments in low-carbon technologies
- Internal Carbon Pricing[1]
- Market transparency & top-notch CDP grade and ESG rating
- Advocacy

MAIN ACTIONS

- **Scaling investment** in **enabling technologies** to support **emissions reduction** across **products** and **operations**

1. An internal carbon price is already applied to assess investments aimed at reducing energy consumption and/or avoiding the purchase of emission allowances. In 2025, Leonardo used a shadow price of €71.95/tCO_2e, also serving as a proxy for the social cost of carbon until a more comprehensive methodology is established.

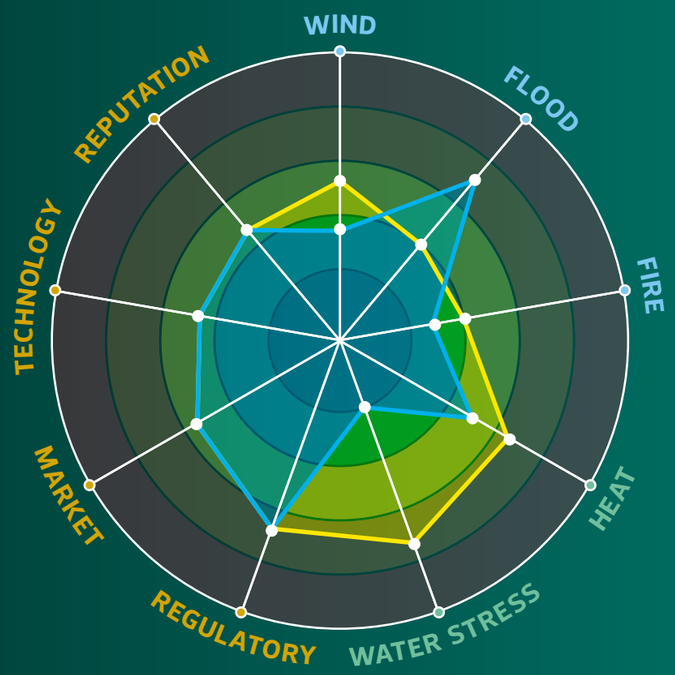
Tordesillas, Castile and León, Spain. COSMO-SkyMed Second Generation Image © Italian Space Agency. Processed and distributed by e-GEOS.

3.1.7 CLIMATE RISKS AND OPPORTUNITIES

Risk exposure & impact on own operations and suppliers

Based on the climate scenario analysis conducted we present the results in terms of financial impact and risk exposure at 2050.

OWN OPERATIONS



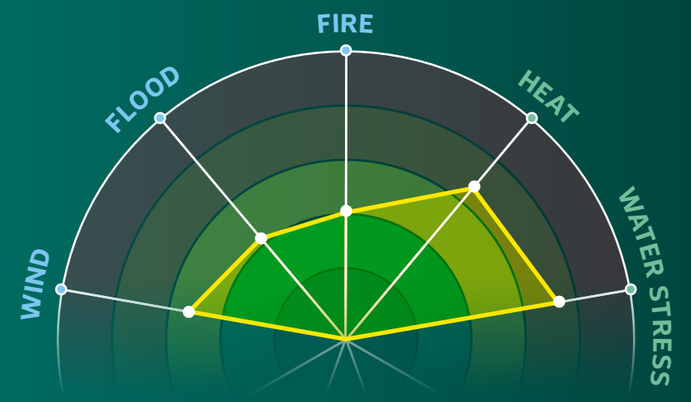
	RISK DIMENSION	FINANCIAL IMPACT	RISK EXPOSURE
Physical Risk Acute Events	WIND	Low	Medium
	FLOOD	High	Medium
	FIRE	Low	Medium
Physical Risk Chronic Events	HEAT	Medium	High
	WATER STRESS[1]	Low	High
Transition Risk	REGULATORY	High	High
	MARKET	Medium	Medium
	TECHNOLOGY	Low	Low
	REPUTATION	Low	Low

FINANCIAL IMPACT

RISK EXPOSURE

With the same representation, Leonardo presents the results in terms of risk exposure on the analyzed suppliers.

SUPPLIERS [EXCLUDING TRANSITION RISKS]



	RISK DIMENSION	RISK EXPOSURE
Physical Risk Acute Events	WIND	Medium
	FLOOD	Medium
	FIRE	Medium
Physical Risk Chronic Events	HEAT	High
	WATER STRESS	High

RISK EXPOSURE

To ensure comparability, financial impact and risk exposure values are indexed on a logarithmic scale Data points further from the center correspond to higher values, while data points closer to the center reflect lower values.

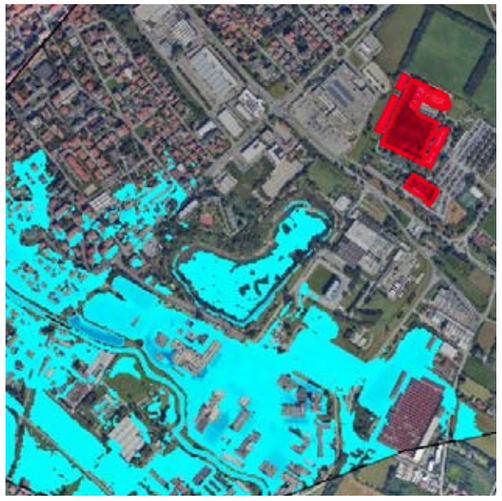
1. Compared to the previous analysis, the water stress indicator has been introduced to better capture the industrial reality of Leonardo's sites, replacing the former drought indicator which provided a more generic view of the associated risk.

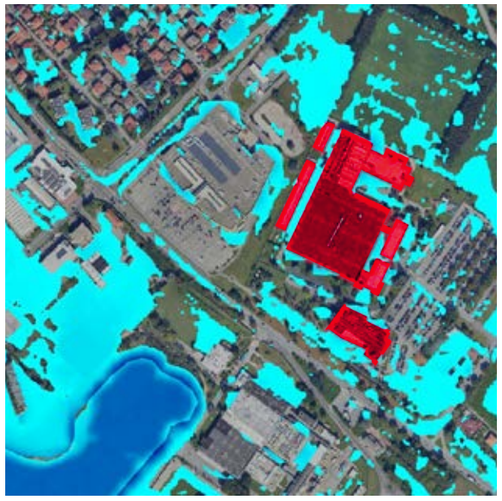
3.1.8 CLIMATE RISKS AND OPPORTUNITIES

e-GEOS pilot project

Using internal capabilities, Leonardo has integrated the climate scenario risk analysis at Group Level with a specific pilot project on the Leonardo industrial plant of Nerviano.

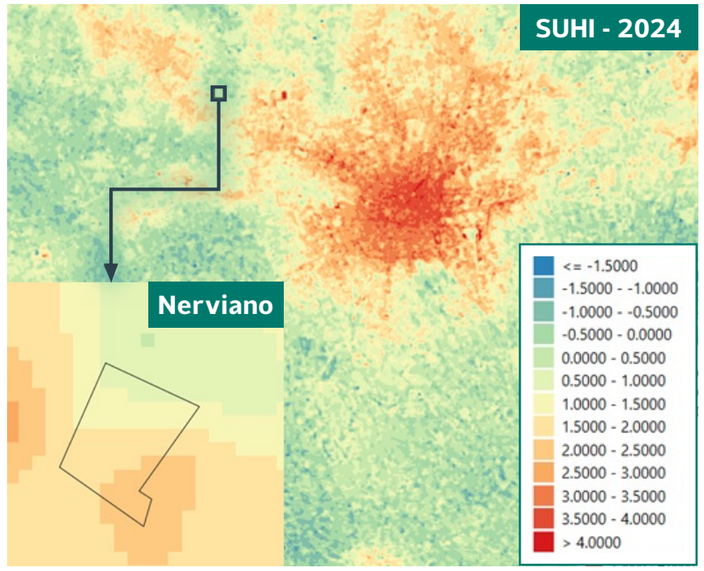
HYDRAULIC FLOOD AND SURFACE URBAN HEAT ISLAND ANALYSIS - LEONARDO SITE NERVIANO

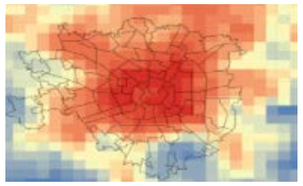


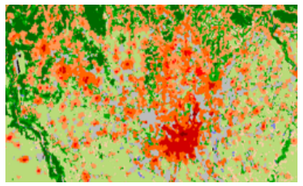


Nerviano Site Hydraulic flood modelling evolution (m)

0 15







- This analysis assesses flood exposure of the site under a **100-year return period (TR100) flood scenario**.
- The hydraulic simulation considers flooding from the **Olona River** combined with an **intense local rainfall event**, reproducing a potential compound flood scenario.
- Results show that **flooding at the site is mainly driven by pluvial processes**, meaning heavy rainfall accumulation and limited drainage capacity, rather than by direct overflow from the river. In particular, surface runoff generated by intense precipitation leads to localized water accumulation within the industrial area. The hydraulic model also allows the **reconstruction of the full flood dynamics over time**, tracking how the flood wave develops and spreads across the areas as well as water depth evolution during the event.

SATELLITE DATA PROCESSING

Selection of heat waves period based on meteorological data → Collection and processing of LST **MODIS**/Sentinel-3 data → Collection and processing of **Landsat**-8/9 data → Downscaling → **IDENTIFICATION OF SUHIS**

- SUHI: LST_urban - LST_**rural reference temperature of the rural area based on a specific land use and land cover classification** (LCZ - Local Climate Zones).
- Data from urban monitoring stations are analysed for **daily maximum temperatures** (Tmax) recorded between 13:00 and 18:00, and minimum temperatures (Tmin) between 04:00 and 06:00. **Heatwave periods are identified when Tmin exceeds a certain threshold for more than three consecutive days**.
- **Downscaling is a resampling process** that converts data from low spatial resolution remote sensing (such as MODIS LST at 1km) to data at high spatial resolution using information extracted from high spatial resolution satellite data (such as Landsat LST, nominal at 30m, actual at 100m).

3.1.9 CLIMATE RISKS AND OPPORTUNITIES

Business opportunities

Impacts Economic · Environmental · Social

Timeline Short-Term — Long-Term

Transition-enabling solutions demand is constantly growing: the ability of the Group is to develop solutions and products enabling the transition is key to gain a competitive advantage.

SPACE

Investments in **Earth observation**, **AI driven analytics** and **processing** on **board** of **satellite** and **multi-orbit satellite services** to enable **real-time monitoring**, **crisis response** and **multi-domain decision support** in **situ sensor networks/ IoT** (hybrid5G/Satellite connectivity).

Short / Mid-Term

CYBER SECURITY

Strengthening **cyber resilience** across platforms and networks by **reducing vulnerabilities** and **enabling secure**, **data-driven** operations:

- **Zero Trust Architecture** (ZTA)
- **Sovereign** and **scalable cyber capabilities**
- **Cyber resilience** and **business continuity**
- **Cyber** as an enabler of **safe digital transformation**

Short-Term

AI, SIMULATION & DIGITAL

Advanced **data analysis** & **computational capabilities**:

- **AI** for **process optimization**
- **Digital twin**, **virtual engineering** and **virtual training**
- **Model-based design** and **simulation**
- **HPC** and **AI** for **eco-design**

Short / Mid-Term

SUSTAINABLE PROPULSION

Monitoring emerging alternative **propulsion technologies**:

- **SAF readiness** and **adoption**
- **More-electric systems** and **onboard electrification**
- **Hybrid-electric propulsion architectures**
- **System-level efficiency** and **reduced fuel burn**

Mid / Long-Term

DIGITAL SENSING & ELECTRONICS

Development of **advanced sensing** and **scalable electronics** to **strengthen radar** and **electrooptical products/ systems sustainable competitiveness** and **multidomain flexibility** by enabling **digital**, **modular**, **software-defined** and **photonic based design** to provide remote **upgradable mission** capabilities as well.

Short / Mid-Term

ADVANCED MATERIALS & MANUFACTURING

Development of **advanced materials**, **manufacturing** and **aerodynamic solutions** to enhance **next-generation platform efficiency** through **lighter structures**, integrated **products health monitoring** and **reduced material intensity**:

- **Advanced** and **multifunctional materials**
- **Additive manufacturing** and **repair**
- **Morphing structures** and **aerodynamic solutions**
- **Lower-impact materials** and **processes**

Mid / Long-Term

NATURAL DISASTERS

Support rescue and **emergency operations** during **natural disasters** and **climate-related crises**, including **SAR/EMS helicopter services**, **aerial firefighting** and **disaster recovery**.

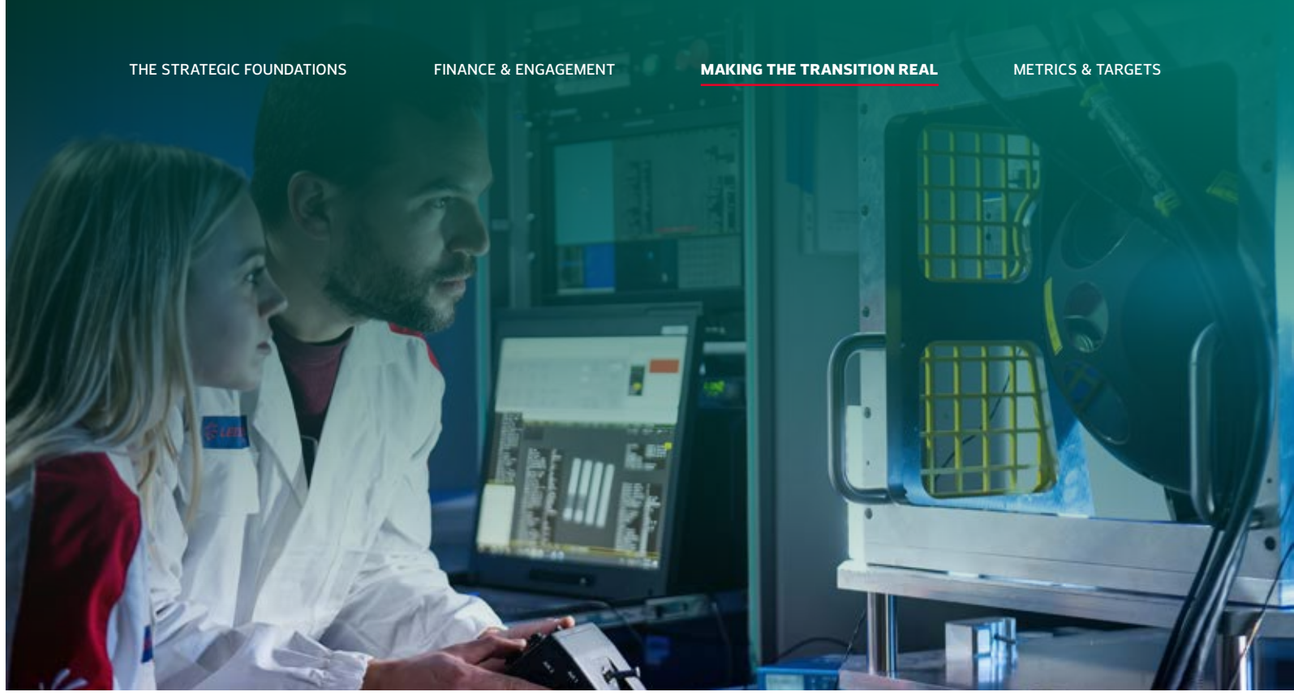
Short-Term

ENABLERS — **ELECTRONICS, HPC, AI & CLOUD** — **ENABLERS**

3.1.10 SEISMIC RISK BY LEONARDO GLOBAL SOLUTIONS

From structured risk assessment to real-time decision-making

Leonardo integrates long-term risk mitigation with real-time monitoring to ensure safety and business continuity in seismic areas, with scalable applications across infrastructure and confirmed interest from civil protection agencies. Integrating preventive analysis with real-time monitoring enhances safety and the resilience of infrastructure sites, as well as ensuring business continuity for sites located in areas with higher seismic exposure. Prevention and preparedness are central: regular drills and data-driven simulations strengthen readiness and response capacity across sites. A continuous training approach empowers people and organizations to act quickly and effectively, turning risk awareness into operational resilience.



STRUCTURED RISK MANAGEMENT (DVR-S)

Long-term prevention - scientific vulnerability assessment of all sites to prioritise structural upgrades.

50+
Industrial sites assessed

€15-20M
Annual investment in seismic safety

117
Seismic improvement works

50%
Buildings with improved seismic performance

- Dedicated programme for seismic vulnerability assessment and definition of risk-reduction interventions, taking into account structural and exposure factors
- 10-year risk-based plan beyond regulatory requirements

REAL-TIME MONITORING & RESPONSE (SISMA 2.0)

Operational response - sensors, structural models and algorithms automatically assess damage and trigger alerts post-event.

6,700+
Seismic events in Campi Flegrei (2024)

<2 min
Automated impact assessment

Automatic Alert
SMS + email with inspection guidance and/or evacuation

- Pilot project for real-time seismic monitoring and automated impact assessment
- Co-developed with Università di Bologna & startup BUILTI
- Tested May 2025 — Bacoli-Fusaro (Leonardo Electronics)

ESG IMPACTS

FEWER INSPECTIONS: LOWER INDIRECT EMISSIONS

REDUCED ANXIETY, STRONGER PREVENTION CULTURE

TRACEABLE, ACCOUNTABLE POST-SEISMIC DECISIONS

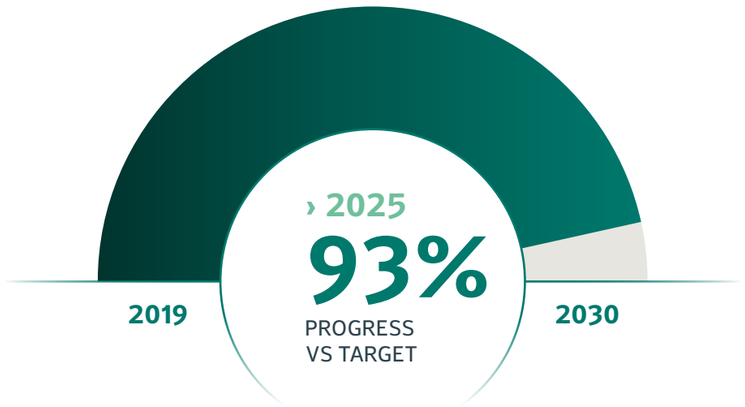
3.2 CIRCULARITY AND NATURAL RESOURCES TARGETS

Leonardo environmental strategy is to **improve resource efficiency** and **circularity** across operations. This includes **reducing water withdrawals** and **waste generation,** while **increasing circular practices** and **business resilience.** In line with this, **Leonardo** set **specific targets** to **strengthen performance** in **absolute terms**, even through **business growth**.

These targets support lower environmental impact, more efficient processes and stronger operational resilience, contributing to a more sustainable industrial model over time. In parallel, a set of cross-cutting initiatives is being implemented as flagship projects such as Water Circularity, Digital Factory, Servitization and CRM4Defence.

WATER WITHDRAWALS*

Target: **25%** reduction in total water withdrawals by 2030 from a 2019 base year.

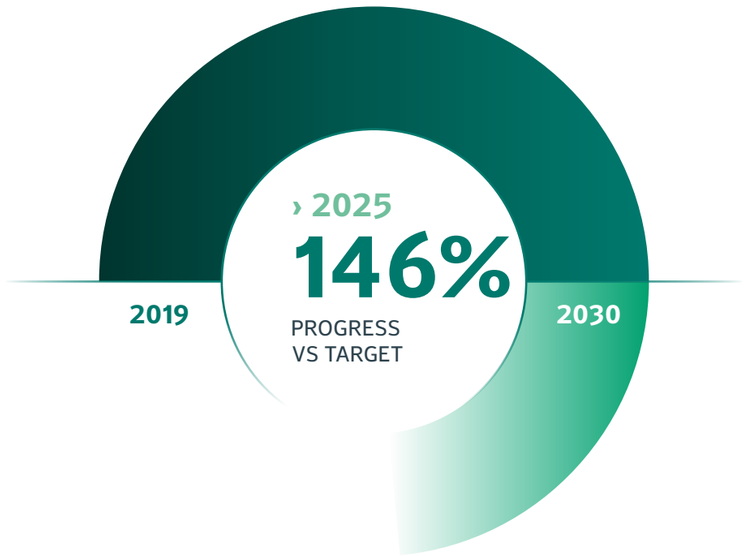


* Reduction in absolute value in water withdrawals from aqueducts and wells.

The target covers all operational sites, aiming to improve resource efficiency, reduce water consumption and enhance responsible water management across industrial processes.

WASTE PRODUCED

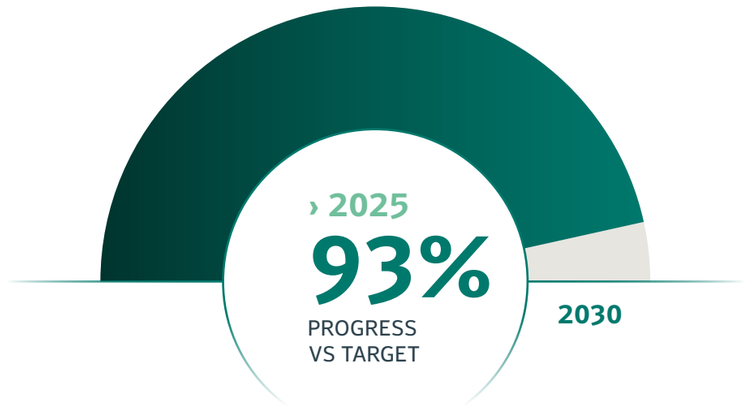
Target: **15%** reduction in total waste generated by 2030 from a 2019 base year.



The target addresses total waste generated, promoting waste reduction, improved segregation to minimize environmental impact.

CIRCULARITY % NEW

65% circularity rate by 2030, calculated as (Recovered waste + By-products) / (Recovered waste + Waste sent for disposal).



The target focuses on increasing circularity across operations by maximizing material outflow and scraps recovery and reuse, supporting more efficient resource use and reduced reliance on virgin materials.

FOCUS ON FLAGSHIP PROJECTS

WATER CIRCULARITY PROJECT

DIGITAL FACTORY PROJECT

CRM4DEFENCE

Prijedor, Bosnia and Herzegovina. COSMO-SkyMed Second Generation Image © Italian Space Agency. Processed and distributed by e-GEOS.

3.2.1 CIRCULAR ECONOMY PILLARS

Leonardo's circular strategy represents a competitive advantage, leveraging on the innovation and technology of the Group for business.

Leonardo circular economy approach is based on specific projects spread across the entire value chain from the material inflow to residual materials promoting both partnerships and internal approaches. Starting from pilot projects the approach is scaled up across all business sectors sites.

PARTNERSHIP APPROACH

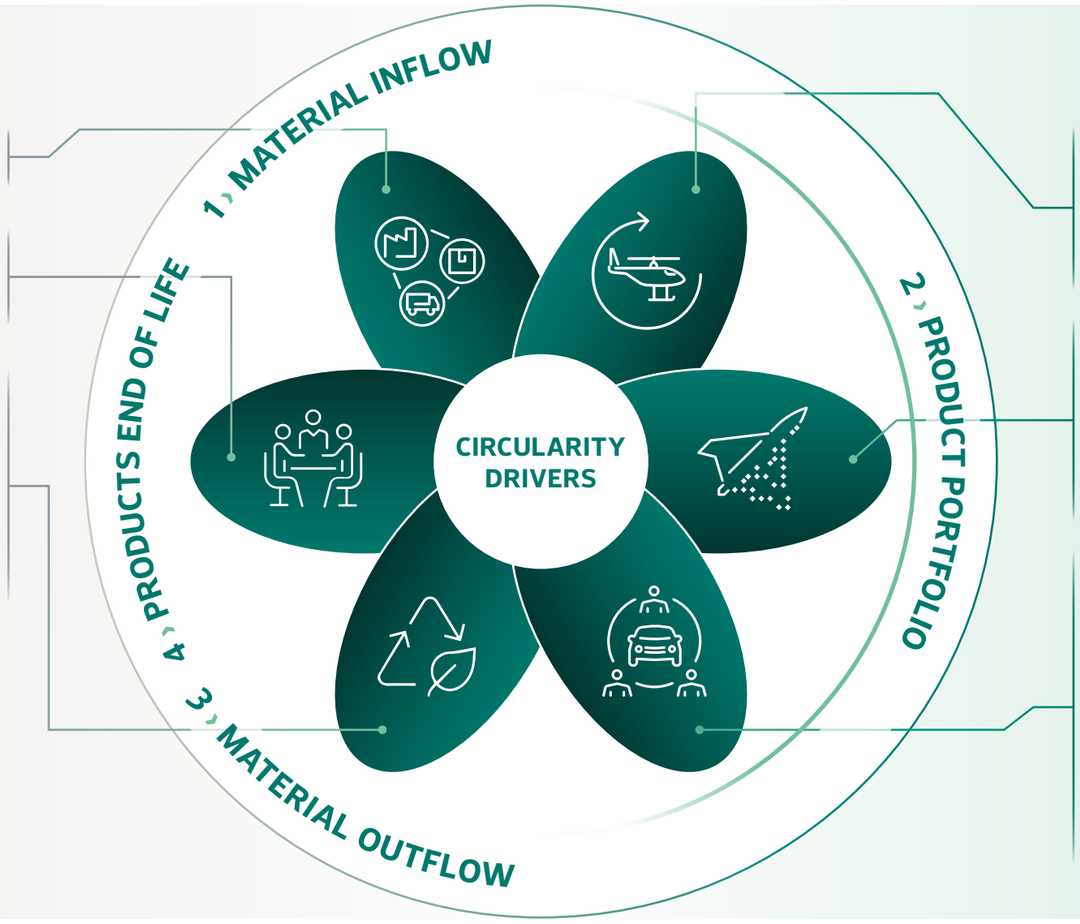
SUPPLY CHAIN RESILIENCE - CRMs
› Supply Chain Control Tower (LHD)*

PRODUCTS END OF LIFE
› Marketplace for helicopters parts*
› EoL Digital electronics, recycle and reuse*

MATERIAL OUTFLOW
REDUCE, RECYCLE, REUSE
› Recycled Carbon Fiber by Herambiente*
› Water and emulsion Circularity WAREGA (LED)* ●
› FEP Circular Economy Project (LAeD)* ●
› Strategic Project on CRMAct on aluminum, titanium and magnesium byproducts (LAeD - LED - LHD)* ●

From Pilot — To Full Scale

● **Focus in the Next Pages**



INTERNAL APPROACH

R&I and PRODUCT ECO-DESIGN
› Design for Sustainability (LED)*
› Sustainable Hybrid Integrator of electric Flight Technologies (LHD)*
› Life Cycle Assessment (LHD)*

PRODUCTS AND PROCESSES DIGITALIZATION
› NEMESI* (LAeD)*
› Rotorcraft Digital twin* (LHD)*
› Italian Terrain Digital Twin (Space)*
› Digital Factory (LED)*

PRODUCTS AND SOLUTIONS - DURABILITY AND SERVITISATION
› IFTS virtualisation of training (LAeD)*
› Satellite life extension In-Orbit Servicing (Space)*
› Smart and Predictive Maintenance (LHD)
› Proprietary Earth Observation Constellation (Space)
› Copernicus services (Space)*
› HPC Infrastructure as a Service*
› SESAR (LED)*

1› MATERIAL INFLOW: SUPPLY CHAIN RESILIENCE - CRMs

› **Secondary materials** and reused components, to **reduce dependence on materials**, especially **CRMs**
› Digitalization for **material tracking** and **AI-enhanced** material intelligence
› ESG requirements will be integrated, to improve our **green and resilient supply chain**

2› PRODUCT PORTFOLIO AND DIGITALISATION

› **Ecodesign** and **Life Cycle Assessment** starting from R&I
› **Digital Twin** and additive manufacturing to transform our production processes
› **Durability**, products life extension; **products and solutions as a service** (e.g. HPC) and **predictive maintenance**

3› MATERIAL OUTFLOW AND OPERATIONAL EFFICIENCY

› **"From waste to resources"**: promoting **circular value chains** for critical materials, **upcycling** and scraps valorisation (byproducts) reduce, reuse, recycle

4› PRODUCT END OF LIFE

› Products end of life and **circular services** for customers (e.g. parts marketplace, **takeback** of products) and **customer engagement** through contracts

* Project included in the Sustainability Plan 2026-2030

3.2.2 FLAGSHIP PROJECT ON CRITICAL RAW MATERIAL

CRM4DEFENCE: Fostering the autonomy of AD&S sector through critical raw materials circularity

The project **CRM4Defence** implements a short circular loop for metals for AD&S byproducts.

- **Strategic autonomy on key materials:** resilience of manufacturing processes considering global pressure on their supply chains, secured supplies of aeronautic grade raw materials during supply chain crises, reducing exposure to supply disruptions.
- **Cost efficiency and competitiveness for AD&S critical ecosystem:** based on high circular value of by-product compared to waste and on priority claim due to secondary raw material re-purchase.
- **Reduction of environmental Impacts:** Waste produced, scope III Cat 1 emissions due to re-purchase of recycled materials, reinforced by growing on-site energy self-production. Reduction of regulatory risks and energy price volatility risks.

Creating an efficient and sustainable European supply chain for titanium, aluminium and magnesium recovery.

From Scrap → To Byproduct → To Secondary Raw Material

STRATEGIC IMPACT

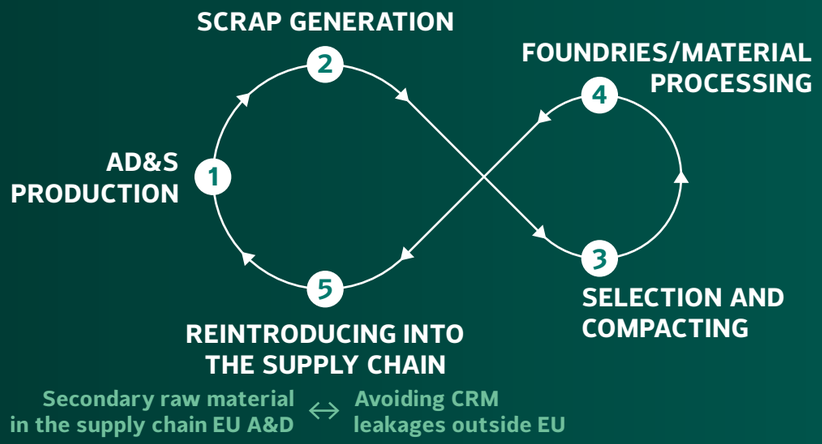
~30% Resilience
Secured material input (average on the 3 metals) ~1,600 tons/year raw materials secured for AD&S sector

-2500 tons/year
waste reduced by valorising materials as by-products

+5% Circularity KPI:
contribution to the KPI before end of the project

EU Cross Border Benefit
Italy, France and Poland

Positioning Leonardo as a player of European resilience



POTENTIAL FOR EXPANSION

Phase 1: Internal scale-up
Extension across Leonardo's key sites (LAeD, LED, LHD)

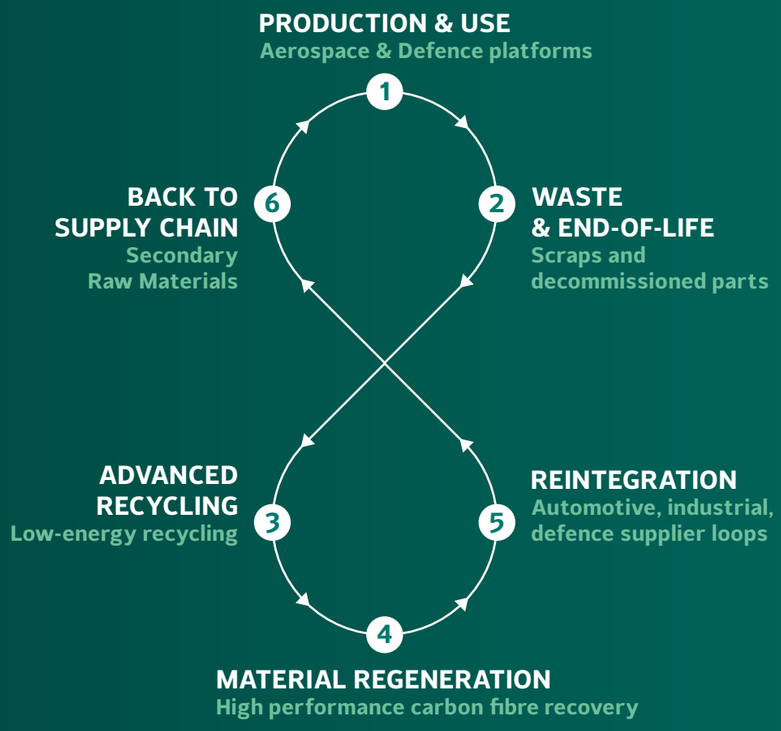
Phase 2 – Ecosystem scale-up
Expansion to suppliers, JVs and foundries, enabling a Europe-wide circular model

The project is currently running as a pilot across selected sites and is proposed to be scaled up across the entire Leonardo perimeter, as well as extended to the broader industrial ecosystem within a strategic initiative currently under approval.

3.2.3 MAIN CIRCULARITY PROJECTS

CARBON FIBRE RECYCLING PROJECT: A Circular Value Chain for Composite Materials

- Leonardo drives **open and closed loop circularity** for composite scraps in **aerospace & defence**.
- Partnership with **Hera Group (Herambiente)** enables advanced **carbon fibre recovery** via pyro-gasification, regenerated fibres.
- Partnership with **Toray** in closed loop to manufacture aeronautics secondary parts.
- In the UK, collaboration with **Uplift360** supports composite recovery and reuse, focusing on **aramid fibre and resin retrieval** from complex structures (e.g. **helicopter blades**).
- These initiatives enable **material reintegration**, **supply chain resilience** and localized sourcing of **critical raw materials**.
- While not yet suitable for **primary aerospace uses**, regenerated fibres support cross-sector **circularity** (automotive, industrial).
- The strategy reduces **waste**, strengthens cost efficiency and enhances **resource security** across Leonardo's operations.



2 industrial partner | **2 key business areas involved** | **UK & Italy sites addressed**

	COMPANY'S INTERNAL BENEFITS	EXTERNAL BENEFITS
VALUE CREATION	**Reduced costs** on disposal and sourcing **New revenue streams** from recovered materials	**Cross sector circular value creation** (e.g. automotive, industrial manufacturing, energy and mobility applications)
RESILIENCE & IMPACT	**Reduced dependency** on critical materials **Lower footprint** of operations	**Stronger sovereign supply chains** (EU & UK) **Reduced resource pressure** system-wide

WATER CIRCULARITY: A Closed-Loop Approach for Sustainable Water Management

Enhancing operational resilience through water efficiency, reuse and circular management practices. Leonardo is reducing freshwater dependency by scaling rainwater harvesting, industrial reuse and smart metering systems across high water-stress sites.

-22% Withdrawals
VS 2022

~300 million liters/year reduction
through industrial water reuse including WAREGA (La Spezia)

15 million liters/year
expected rainwater capture
Foggia initiatives

74 million liters recovered
rainwater reuse
Grottaglie (annual)

100% rainwater reuse
fully integrated in operations
Brindisi

FEP (FLUORINATED ETHYLENE PROPYLENE) PROJECT:

Closing the loop on high-performance auxiliary material polymers to reduce waste and dependence on virgin materials. Leonardo Aeronautics has developed a closed-loop model for auxiliary plastic materials, reintegrating production scraps into the value chain through industrial partnerships.

1 industrial partner
(Guarniflon)

Increased resilience
full reuse of production scraps

Reduced waste and improved circularity
through byproduct

Scalable circular model demonstrated
for high-performance polymer application

3.2.4 NATURAL RESOURCES, MATERIALS AND CIRCULARITY

LEONARDO BIODIVERSITY RISK ASSESSMENT (BRA)

› Leonardo carried out a **Biodiversity Risk Assessment (BRA)** extending to **51 sites** spanning **multiple business divisions**.

› The **assessment** built on last year's **WWF Biodiversity Risk Filter** and was **enhanced with site-specific inputs business related**.

› **Physical** and **reputational** results follow an **impacts/dependencies matrix** and show a **low overall risk profile**: no site exceeds a final score of 3 on a 1 (low) to 5 (high) scale.

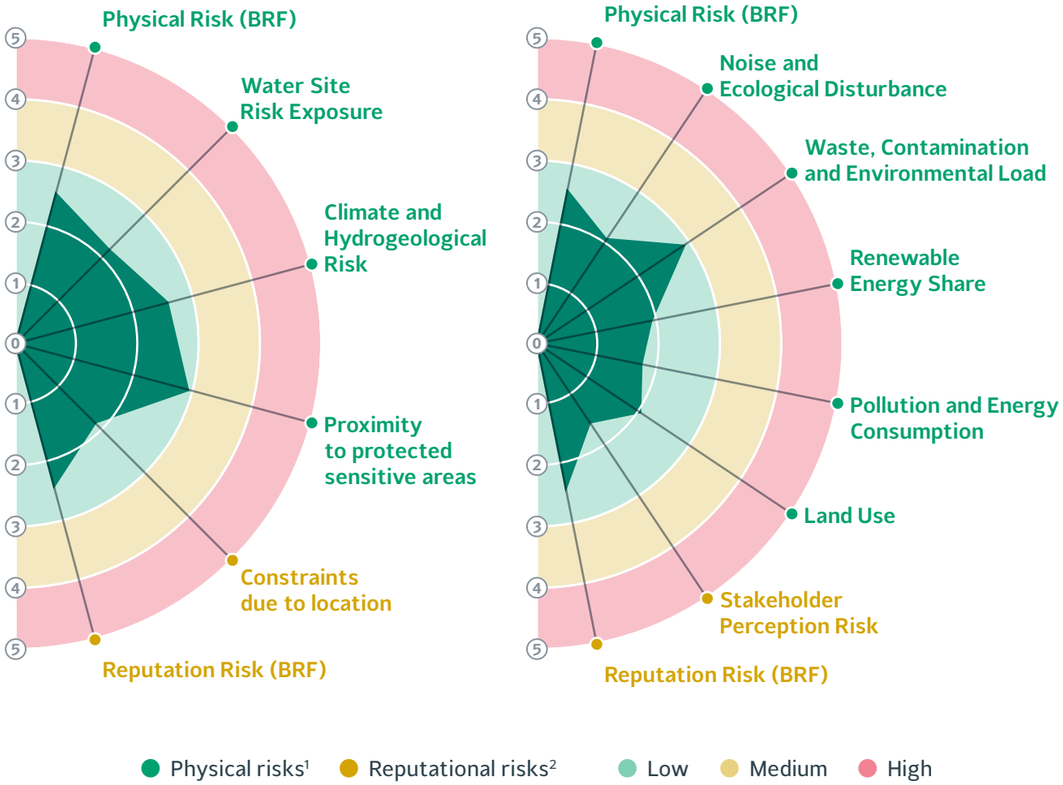
Nature tech business opportunity: nature observation and monitoring

Leveraging **dual use** Electro Optic (EO) **imaging** and adaptive sensing for operations in harsh and inaccessible **ecosystems**, monitoring of even the remotest **habitat** becomes possible.

NATURE OBSERVATION AND MONITORING are enhanced by IR Detectors and Advanced EO Systems that adapt thermal imaging cameras for seamless operation from sweltering daytime highs to sub-zero desert nights, facilitating the capture of mammal behaviour in partnership with BBC Studios.

LEONARDO BIODIVERSITY RISK ASSESSMENT (BRA)

Outcome of BRA at Group Level



Biodiversity Risk Filter (BRF) indexes are a combination of risks:

1. Physical: Water Availability, Forest Productivity and Distance to Markets, Air Quality, Landslides, Wildfires, Extreme Heat, Tropical Cyclones, Natural & Cultural Resources, Resource Scarcity, Labor/Human Rights, Financial Inequality.
2. Reputational: Protected/Conserved Areas, Key Biodiversity Areas, Other Important Delineated Areas, Ecosystem Condition (Intact), Indigenous Peoples & Local Communities, Media Scrutiny, Sites of international interest.

BIODIVERSITY ACHIEVEMENT

FIRST GROUP BIODIVERSITY POLICY: 2024 → **STRATEGIC PARTNERSHIPS WITH INSITUTIONS & ORGANISATIONS DEDICATED TO BIODIVERSITY** → › IBAT TOOL › BRF TOOL › ENCORE TOOL → **FIRST BIODIVERSITY ASSESSMENT: 2024** → › BUSINESS SITE SPECIFIC ANALYSIS → **SECOND BIODIVERSITY ASSESSMENT: 2025** → **ANALYSIS OF INTERACTIONS WITH BIODIVERSITY AND SITES PRIORITISATION**

3.3 JUST TRANSITION

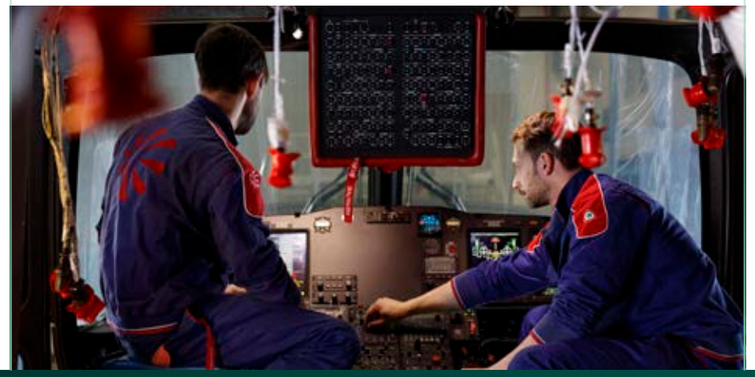
Generate shared value for people, communities and territories by delivering distinctive expertise and social impact and ensuring fairness, equality and human rights protection: this is Leonardo commitment as a global security player and catalyst for sustainable growth.

Leonardo supports just transition through a **competitive** and **measurable value proposition**, where **inclusion** drives productivity, employability and long-term value creation. **Skills, competencies and culture** power the transition enabling **business competitiveness** and **societal prosperity**.

This commitment runs along three strategic lines:

NAVIGATE TOMORROW

Strengthen competitiveness by accelerating the diffusion of capabilities across the wider ecosystem.



INCLUDE TO GROW

Leverage on inclusion as a core driver to sustain high-quality employment through robust STEM pipelines and upskilling.

CONTRIBUTE TO PROSPERITY

Generate measurable social value and long-term impact through education and community engagement.

MAIN ACHIEVEMENTS

~64% **Workforce**
hold STEM qualification

~37,000 **Leonardo People**
trained on sustainability topics to date

~13,000 **Students (9-19 years)**
engaged in STEM education activities

~1,800 **Schools** and over **2,700** **Teachers**
joined the online educational platform STEMLab

~15,000 **Leonardo People**
involved in welfare & wellbeing activities

~20,000 **Leonardo People**
involved in health prevention activities

UNI/PDR 125:2022
Gender Equality Certification
achievement and maintenance supporting tenders success

800 **Children** (49% girls) **11** **Leonardo sites**
15 **Non-Profit associations** **1,500** **People**
involved in Ad Astra – Costellazione Leonardo project

>2M **Portions donated (~€4M)**
since 2013, through the Food Circularity Programme with Banco Alimentare ETS Foundation

2023-2025 Data

3.3.1 POWERING COMPETITIVENESS AND PROSPERITY

NAVIGATE TOMORROW: STEM SKILLS, DIGITAL AWARENESS AND SUSTAINABILITY CULTURE

Promoting digital education, scientific and technological knowledge is crucial for strengthening innovation, competitiveness, and reducing social gaps where Leonardo operates. Leonardo runs **internal and external upskilling and reskilling programmes**, with customised contents delivered on digital platforms and in courses delivered by STEM experts. Leonardo integrates sustainability within the business offering a **global education offer**, including the first **sustainability EduGame Level UP your Sustain-ABILITIES** with two modules on supply chain and DE&I, completed by over 23,000 Leonardo people to date, and **Level Up - Ad alta quota**, the first **sustainability immersive experience** where over 320 employees and families joined outdoor events on the snow, featuring sport activities and workshops on climate change and Leonardo technologies.

INCLUDE TO GROW: INCLUSION AS A LEVER FOR COMPETITIVENESS

Transforming differences into growth opportunities is a strategic factor for Leonardo competitiveness, talent attraction, human capital, and innovation, fostering a collaborative and inclusive work environment contributing to people care in terms of workplace safety and ergonomics, leveraging on digital transformation technologies such as simulated environments (i.e. Digital Twin). In 2024 Leonardo obtained the **UNI/PdR 125:2022 Gender Equality Certification** in Italy, implementing a Gender Equality Management System and deploying the Strategic Plan for Gender Equality in the Sustainability Plan. Within this framework, welfare, parenting support, wellbeing and psychological safety are key streams further consolidated with new initiatives. Through the initiative **Leonardo OnLife-Hope** the Group has donated decommissioned digital devices to non-profit organisations operating in disadvantaged areas to bridge the digital divide, promote circularity and reduce the environmental footprint.

CONTRIBUTE TO PROSPERITY: SHARED VALUE AND SUSTAINABLE SUPPLY CHAIN

Leonardo aims to promote social, economic, and environmental development in the local communities and territories in which it operates, partnering with non-profits associations. Key initiatives include **Ad Astra-Costellazione Leonardo**, designed to increase the Group social impact by sharing scientific and technological culture, especially encouraging girls to learn STEM and sustainability topics, and the **Food Circularity Programme**, recovering and donating surplus food from the Leonardo canteens in Italy and UK. Leonardo enhances **supply chain competitiveness and resilience** in the AD&S sector, embedding sustainability through training and capability-building initiatives in support of **long-term societal growth**. Basic research and innovation in Leonardo Labs also contribute to deliver value, actively turning the brain drain into a talent gain for our domestic countries.

SKILLS

~1.6
Million training hours
delivered internally

1,360
Training programs
activated within the Italian education system

>350
STEM ambassadors
engaged in the United Kingdom supporting local schools and colleges

>4,200
Hours of education
involving 12 Technical High Schools

INCLUSION

31.5%
Leonardo women
in appointment process for executive roles

13,300
training hours in-house
to strengthen DE&I skills

>5,800
Female students
involved in attraction and recruitment events

19,800 ▸ **99,000**
Beneficiaries **Hours of digital training**
per year delivered through Leonardo OnLife- Hope circularity programme

SHARED VALUE

>230,000 ▸ **~€450k** ▸ **21**
Meals **Value** **Canteens active**
donated (+15% YoY)
in the Food Circularity Programme with Banco Alimentare ETS

306
Key Suppliers
trained on ESG Topics

>150
PhD scholarships
in Leonardo Innovation Labs

1
PhD
on Sustainability and Digitalisation

2025 Data

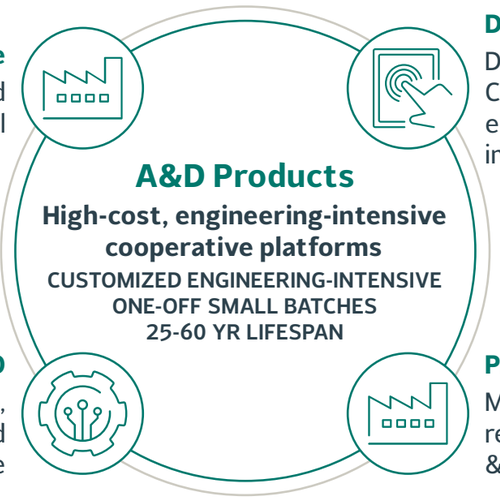
3.4 DIGITALISATION AS AN ENABLER FOR TRANSITION

How digital technologies reduce impact across the lifecycle

Digital transformation: digital twins, AI, connectivity, and data analytics, predictive maintenance improve resource efficiency, safety, and asset longevity, while introducing structural paradoxes requiring targeted industrial responses.

Leonardo contributes to the **POLO STRATEGICO NAZIONALE** consortium through **cybersecurity services**, continuous monitoring of threats and cyber-attacks, incident response and support to the **digital transformation** of **strategic Public Administration**.

DIGITAL TECHNOLOGIES AS ENABLERS OF SUSTAINABLE VALUE ACROSS THE LIFECYCLE



Products End of Life
Circularity and materials retrieval

Design
Dematerialization, Carbon and environmental impact traceability

Operations & MRO
Life extension, Servitisation and predictive maintenance

Production
Material resources reduction & workers safety

DELIVERED THROUGH FIVE DIGITAL TECHNOLOGY CLUSTERS

Digital design & lifecycle
Introducing sustainable technologies into the design and manufacturing processes, from digital twin to additive manufacturing

Predictive intelligence
Anticipating failures and optimising performance through AI and machine learning

Smart connectivity
Connecting assets, data, and decision-making processes throughout the entire operational lifecycle

Autonomous operations
Reducing human exposure and increasing precision through robotics and automation

Data analytics & control
Turning operational data into sustainability decisions - advanced metering

DRIVING IMPACT ACROSS 3 DIMENSIONS

ENVIRONMENTAL
From reactive compliance to proactive emission and resource reduction

SOCIAL
From workers safety to community security and wellbeing

ECONOMIC
From cost control to asset life extension and operational resilience

FROM ENABLERS TO TRADE-OFFS

	ENERGY	CRITICAL RAW MATERIALS	SERVITIZATION & CONTROL	DIGITAL DIVIDE
DIGITALISATION PARADOXES	Digital technologies improve efficiency but increase **computational energy demand**	Digital systems rely on **high-performance** semiconductor **chips and concentrated supply chains**	Digital services underpinning infrastructures move **control and responsibility to the provider** (energy supply, maintenance and upgrade of hardware and data)	High upfront investments create **gap between large players and SMEs**
LEONARDO'S RESPONSE	› Development of energy-efficient HPC, of green coding , and AI solutions to optimise processes while reducing computing-related energy impacts	› Supply chain diversification and circular strategies integrating recycled materials and advanced technologies	› Secure, on-premise digital infrastructures combining cybersecurity, and lifecycle/platform-based resilient management	› Triggering investments in inclusive digital ecosystems, supporting SMEs, local supply chains

3.5 BUSINESS AREAS CONTRIBUTION TO THE TRANSITION

AERONAUTICS

CARE FOR FLIGHT: AI-ENABLED DIGITAL SERVICES PLATFORM

Aeronautics division is evolving toward a service-based model through *Care for Flight*, using **AI-enabled applications to improve fleet management**, maintenance, and customer support. Solutions enable remote monitoring of aircraft health, failure detection, and optimized maintenance planning. By improving fleet availability and reducing Aircraft on Ground (AOG) time, the platform increases efficiency and extends asset lifetime, while reducing lifecycle impacts through optimized resource use and predictive maintenance.

C-27J FIREFIGHTING TRANSFORMATION (DUAL-USE CAPABILITY)

The C-27J platform is being enhanced for firefighting missions, expanding **beyond traditional military use**. The transformation is in an advanced development phase, including flight testing and validation. It reflects a dual-use approach, enabling aircraft to **support both defence and civil protection needs**, increasing operational flexibility and societal value, including emergency response such as wildfire mitigation.

SUSTAINABLE AVIATION FUELS ADOPTION FOR FLIGHT TEST

The Division has reviewed SAF standards for M345, M346, C27J and ATR Special Version platforms, confirming fuel compatibility.
A Service Letter has been issued to customers to support Scope 3 emissions reduction while an internal project promotes the SAF adoption in flight test, contributing to Scope 1 emissions reductions. Flight tests activity will involve M-346 at Venegono and extend across proprietary platforms for training, experimental and production flight tests.

ADVANCE TECHNOLOGIES AND DIGITAL FACTORY

Advanced simulation and digital technologies (VIBES and Simulation Solutions) **reduce physical testing**, **improve aircraft validation** and **enforce development** while **lowering costs**, **risks** and **environmental impact**. The concept of "certification by simulation" reduces lab activities and advanced simulation also enables optimized training with fewer flight hours, lower fuel consumption, emissions and safety risks also as enhancement to International Flight Test School. Digital Transformation in view of digital twins and automation, promote sustainability, safety, quality and industrial efficiency. In this context, the Smart Factory Project with NEMESI promotes human-centered digitalization and automation, including Product Lifecycle Management, process qualification and shop floor support and training.

CIRCULAR MATERIALS & CRITICAL RAW MATERIAL RECOVERY

The division is advancing circularity initiatives focused on **recovering** and **reusing critical raw materials such as aluminium, titanium,** and **composites**. Regeneration processes enable materials to be reintegrated into supply chains or redirected to other industries.
These initiatives reduce waste and procurement costs, improve resource efficiency, and strengthen supply chain resilience, with expected scaling over time.

COMBINED COOLING HEATING POWER OPTIMIZATION PROJECT

The **technical-economic assessments performed on the Cameri Plant** has identified operation at 50% load as the most efficient plant management mode. The Project envisages operating the Combined Cooling Heating Power Optimization during summer and winter (with shutdown periods in the seasons when energy demand is lower), enabling a reduction in CO_2 emissions in line with Leonardo's Sustainability Targets and cost reduction.

3.5 BUSINESS AREAS CONTRIBUTION TO THE TRANSITION

HELICOPTERS

DIGITAL TWIN & VIRTUAL FLIGHT TESTING

The Helicopters division uses digital twin and virtualization to simulate aircraft behavior during the design phase, reducing physical in-flight testing. This approach enables faster and more efficient design iterations. It also supports a broader digital transition across engineering and training processes.
Training operations, models and simulators (e.g. VxR, MITHOS) cut flight hours, fuel use, emissions, and costs, while enhancing safety and overall performance.

SECOND-HAND PARTS MARKETPLACE

Leonardo is advancing a digital platform within the Customer Portal to **connect sellers and buyers of helicopter spare parts** (new or used), enabling traceable and compliant transactions, document exchange and communication between operators.
The platform supports circularity by extending the life of components, reducing the need for new materials and improving asset utilization and fleet availability. The initiative progressed to a pilot phase in 2025 with selected customers, confirming its role as a key pillar of Leonardo's circular economy strategy.

NEXT GENERATION SUSTAINABLE FLIGHT (SHIFT PROJECT)

The SHIFT (Sustainable Hybrid Integrator of Flight Technologies) programme is an R&D initiative aimed at integrating hybrid-electric propulsion systems into future helicopter platforms. The project is currently in early development, targeting long-term deployment beyond current industrial plans. This initiative supports the decarbonization of flight by reducing fuel consumption and emissions, representing a key pathway toward low-impact aviation in the long term.

SUSTAINABLE AVIATION FUELS (SAF & e-SAF RESEARCH)

The division advances **SAF and e-SAF research** to reduce Scope 3 emissions. It ensures **compatibility with up to 50% blends** while addressing scale and cost challenges, supported by European partnerships.These fuels represent a near-term lever to lower emissions from operations. Ongoing research strengthens positioning in future fuel innovation.Efforts also focus on supporting certification pathways and scaling production readiness. Collaboration across the value chain is key to accelerating adoption and market availability.

LIFE CYCLE ASSESSMENT (LCA)

A structured Life Cycle Assessment (LCA) methodology is used to quantify environmental impacts across the entire lifecycle of products and processes, from raw material extraction to end-of-life. This approach supports more informed comparisons between circular and linear models. First applied to the Next-Generation Civil Tiltrotor (NGCTR) to quantify environmental impacts at component and system level.In 2025, a detailed LCA model was developed for the AW139 transmission, together with a Carbon Footprint (CFP) analysis for the full AW139 platform. Further applications - including new platforms and simulators - are currently under development. Over €1.4 million in investments are planned for 2026-2029.

3.5 BUSINESS AREAS CONTRIBUTION TO THE TRANSITION

ELECTRONICS

PRODUCT DIGITALIZATION

The product digitalization improves lifecycle sustainability as a result of the reduction of hardware Size, Weight and Power as well as the improvement of overall reliability and upgradability products. Better predictive maintenance as a result of remote product behavior monitoring and E-waste reduction are other gains for sustainability. The wider scalability enabled by the digitalization allows more reuse and standardization of product components.

DIGITAL FACTORY AND AI-ENABLED DIGITAL PROCESSES ACROSS ALL BUSINESSES

Digital factory initiatives drive the **digitalization of production and support processes** to improve efficiency and optimize resource use. Activities span quality, purchasing, and manufacturing, enhancing data availability and system integration to reduce components obsolescence risk, waste and improve operations. AI further enhances digitalization by managing unstructured data and improving the automation of internal processes supporting various Units such as Engineering, Quality, Production, etc.

VIRTUAL BUSINESS NETWORKS - DIGITAL TRANSFORMATION AND DEMATERIALIZATION OF PRODUCT DEVELOPMENT, INTEGRATION, AND TESTING LABORATORIES:

The solution improves energy and emissions efficiency and reduces e-waste through advanced virtualization solutions. The platform enables orchestration of physical and virtual machines in a self-service automated environment, supporting the full lifecycle of complex systems from design to maintenance. The use of VBN solution optimize Resources across Laboratories, allowing scalability and flexibility reducing drastically implementation times.

SISMA 2.0 - SMART SAFETY SYSTEMS

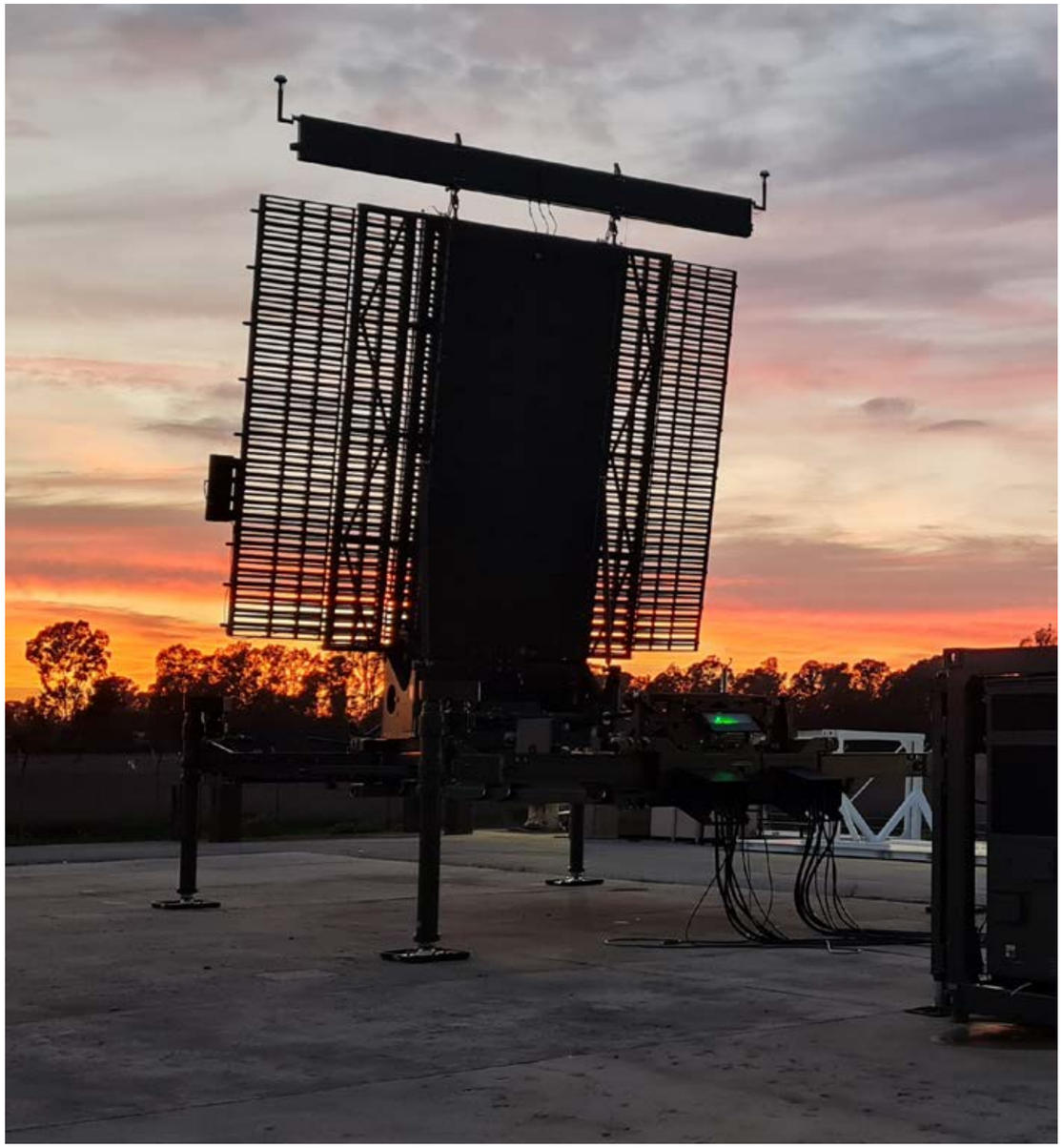
SISMA 2.0 focuses on enhancing safety and resilience of industrial sites through monitoring and response systems. The initiative enables detection of seismic events and supports management of emergency procedures. Smart solutions such as connected devices and personnel tracking systems improve awareness of people presence within facilities and ensure more effective response in critical situations.

DIGITAL DESIGN PROCESS AND MULTIDOMAIN SIMULATION

Model Based Design and Digital Twin improve sustainability by means of reduced number of prototypes (product development) and field trials (validation). Digital twin connected with Multidomain Simulation improves integration & validation at System of Systems level as well as training activities by means of virtual / mixed training of operators and maintenance technicians and promotes Modelling & Simulation as a Service (MSaaS) and Training as a Service (TaaS).

SESAR

As the technological pillar of the Single European Sky, SESAR is modernizing European ATM by optimizing flight trajectories within a more dynamic and efficient airspace. Through the validation of emerging technologies and pioneering operational concepts, SESAR is driving the digital transformation of aviation, making Europe the most efficient and environmentally friendly sky to fly in the world.



3.5 BUSINESS AREAS CONTRIBUTION TO THE TRANSITION

CYBER & SECURITY

INTEGRATED ENVIRONMENTAL MONITORING SYSTEM (SIM – MASE)

The Cyber division developed an **Integrated Monitoring and Forecasting System for the Italian Ministry of Environment and Energy Security** (MASE), combining satellite observation, drones, remote sensing technologies, and interoperable territorial data into a comprehensive platform. It operates across domains such as hydrogeological risks, precision agriculture and marine pollution. Funded through the PNRR and by federating existing information systems and ensuring continuous data exchange, it enhances climate resilience and data-driven governance. Integrated with the Polo Strategico Nazionale (PSN) and Leonardo's MovinCloud solution, the platform also ensures data sovereignty, secure cloud operations, and end-to-end cybersecurity protection.

SMART MOBILITY & ELECTRIC TRANSPORT INFRASTRUCTURE GENOA: 4 ASSI DI FORZA

The Cyber division supports urban **mobility transformation in Genoa** through integrated digital and electric transport solutions. The project develops electric infrastructure for buses and trolleybuses, combined with dedicated lanes and smart traffic systems. Technologies enable **real-time monitoring and control**, leveraging advanced solutions such as AI-based video analytics for data processing and traffic light regulation to ensure proper use of dedicated lanes, while improving efficiency and service reliability. The initiative enhances transport quality and reduces emissions and noise, supporting more sustainable and resilient urban environments.

SMART CITY COMMAND & CONTROL SYSTEMS (ROME & MILAN)

Advanced **command and control platforms support real-time monitoring and management of city operations. In Rome**, systems integrate data from traffic, surveillance, and emergency networks to improve safety and coordination. In Milan, the genesiX platform connects multiple systems and databases, enabling efficient resource coordination and traffic management. Advanced analytics and video intelligence enhance situational awareness and emergency response.

GLOBAL MONITORING PLATFORMS FOR ENVIRONMENTAL AND TERRITORIAL SECURITY

The Cyber & Security Solutions division develops **global monitoring platforms using advanced cyber and intelligence capabilities** to analyze large volumes of data in real time. These solutions integrate multiple data sources into a unified operational picture, supporting risk prevention and decision-making. Applications range from environmental protection and urban safety to safeguarding cultural and critical assets, enhancing resilience.

3.5 BUSINESS AREAS CONTRIBUTION TO THE TRANSITION

SPACE

PROPRIETARY EARTH OBSERVATION CONSTELLATION

Leonardo is developing a proprietary Earth observation constellation integrating radar and optical satellites. This system enables continuous monitoring and secure, high-resolution data exchange, reducing latency and enabling near real-time information exchange. The system includes onboard High Performance Computing to process data directly in orbit, delivering ready-to-use insights and accelerating decision-making. This infrastructure supports faster response to environmental and emergency scenarios and marks a shift toward an infrastructure-as-a-service model, where Leonardo operates an end-to-end space asset to deliver data and analytics services.

EARTH OBSERVATION & CLIMATE SERVICES

Earth Observation services provide advanced satellite-based capabilities to monitor environmental dynamics and territorial changes. These services include forest monitoring, land stability analysis, agriculture applications, coastal and marine monitoring. Leonardo leverages satellite technologies and AI to support biodiversity protection and ecosystem analysis, including contributions by e-GEOS and and its subsidiary GAF AG to tropical forest mapping and monitoring. Initiatives such as the Digital Twin technologies enable high-resolution understanding of land and subsoil conditions, supporting climate strategies and territorial resilience. Leonardo is currently developing advanced robotic and autonomous technologies to enable satellite maintenance, servicing and sustainable space operations in the field of an italian national mission.

LUNAR EXPLORATION MISSIONS

Leonardo supports next-generation lunar exploration programmes, spanning both human and robotic missions. Within NASA's Artemis programme, Leonardo provides solar panels and PCDU for the Orion spacecraft, ensuring reliable power for crewed operations. Activities also include photovoltaic panels and power systems for the European Service Module, structural and thermal components, and mission support through tracking and communications infrastructure. Leonardo leads the industrial consortium of the ESA Moonlight Programme for the system development to provide navigation and communication services in the Cislunar space. It also participates in LUMIO (Lunar Meteoroid Impacts Observer), a mission designed to monitor meteoroid impacts and improve mission safety.

COPERNICUS EMERGENCY MAPPING SERVICE (CEMS)

The Copernicus Emergency Mapping Service provides rapid geospatial information in response to disasters and crises, supporting emergency management. Through e-GEOS and its subsidiary GAF AG, Leonardo contributes to mapping, damage assessment, and identification of affected areas. Satellite data support analysis of events such as floods, wildfires, and earthquakes, enabling response and recovery. Faster data access supports more timely activation of emergency services, while enhanced satellite capabilities improve the precision and reliability of crisis mapping, strengthening coordination and response effectiveness.

SPACE SITUATIONAL AWARENESS (SSA)

Space Situational Awareness enables continuous monitoring of objects and debris in orbit, supporting the protection and continuity of critical space infrastructure. Proprietary platforms integrate multi-source data, including space-based sensors, to track objects and predict risks in an increasingly congested orbital environment. These capabilities enhance operational safety and resilience of space assets, while addressing regulatory pressures and supporting space sustainability.Integration with proprietary constellations enables faster data acquisition and near real-time tracking, while interconnected satellite systems improve responsiveness and decision-making. Onboard processing reduces reliance on ground analysis and strengthens system resilience.

LAND MONITORING AND AGRICULTURE SERVICES

Land monitoring services provide detailed mapping of land cover and use, enabling analysis of territorial changes over time. Displacement services detect slow deformations in infrastructure and natural sites, supporting early identification of risks. Agriculture services integrate satellite and agronomic data to monitor crop conditions and optimize resource use. These applications, provided through e-GEOS, support risk management, territorial resilience, and address water and food security challenges. Higher-frequency data enable more continuous monitoring, while advanced processing improves timeliness and usability of insights, supporting faster and more informed decision-making.

IN-ORBIT SERVICING (IOS)

In-Orbit Servicing capabilities are being developed to support maintenance, refuelling, repair, and end-of-life management of satellites. Activities include debris removal, refuelling, and installation or replacement of components. Enabled by advances in robotics and autonomy, IOS extends asset lifetime, reduces debris generation, and supports the transition toward service-based models. These activities are supported by advanced robotic components, such as robotic arms, strengthening the overall value chain. IOS improves operational efficiency and supports more service-oriented space operations.

GALILEO NAVIGATION SYSTEM

Leonardo contributes to the European Galileo programme through high-precision technologies, including atomic clocks such as the Passive Hydrogen Maser (PHM), designed for space applications and capable of ensuring extremely accurate time measurement, with a drift of about one second over several million years. These clocks ensure precise satellite synchronization and positioning services. Such capabilities enable reliable and autonomous European navigation services for both civil and institutional users, supporting applications ranging from mobility to critical infrastructure. By ensuring high levels of accuracy, robustness and continuity, Galileo strengthens technological sovereignty while enabling advanced digital services and future innovations. Telespazio is responsible of Galileo constellation operations at the Italian Galileo Control Center (GCC-I) in Fucino, for the first generation of satellites and in future also for Galileo Second Generation.

3.5 BUSINESS AREAS CONTRIBUTION TO THE TRANSITION

HPC

HPC AS A CROSS-CUTTING ENABLER ACROSS SPACE, DIGITAL AND ENVIRONMENTAL SERVICES

High Performance Computing (HPC) acts as a transversal backbone across Leonardo's space and all domains, enabling the processing and integration of large-scale data from satellites, sensors and monitoring platforms. Within the Leonardo Hypercomputing Continuum (LHyC), supercomputing, cloud and artificial intelligence support applications such as Earth observation, space situational awareness and environmental monitoring, transforming data into real-time insights for critical missions. This capability strengthens both **space sustainability** - through better management of orbital assets - and **Earth sustainability**, by enabling advanced services for climate monitoring, risk management and territory protection, while ensuring data sovereignty and resilience in a context of growing cyber and geopolitical risks.

SUSTAINABLE HPC ARCHITECTURES AND SYSTEM-WIDE EFFICIENCY

Leonardo's HPC infrastructures are designed to maximise efficiency and minimise environmental impact through modular architectures, dynamic resource allocation and advanced orchestration. By activating resources on demand, optimising workloads and leveraging efficient cooling systems, these infrastructures reduce energy consumption while maintaining high performance. At the same time, HPC supports the shift toward **service-based and dematerialised models**, enabling simulations, digital twins and remote operations that reduce the need for physical assets and processes. In this way, HPC not only improves operational efficiency but also acts as a key enabler of broader transition dynamics, linking digital transformation, circularity and long-term sustainability across multiple business areas.

AUTOMATION

PRODUCT CARBON FOOTPRINT & SYSTEM CERTIFICATION

The Automation Business Unit is developing a **structured approach to quantify and certify the carbon footprint of its systems, based on ISO 14067**. A modular methodology enables emissions assessment across configurations, supporting baseline definition and continuous improvement.By integrating lifecycle assessment into design and supplier engagement, the initiative strengthens climate considerations and enhances the sustainability positioning of solutions.

SUSTAINABILITY CAPABILITY BUILDING AND GOVERNANCE

A cross-functional **sustainability programme embeds ESG principles across the organization**, supported by a network of Sustainability Ambassadors. Training and engagement initiatives integrate sustainability into daily operations. Aligned with risk management frameworks, the approach strengthens governance, accountability, and decision-making.

DIGITAL TWIN FOR ENERGY AND PERFORMANCE OPTIMIZATION

The Business Unit is **developing digital twin models to simulate energy consumption and system behaviour** under different configurations. These models enable early-stage estimation of performance and identification of inefficiencies. By shifting to predictive analysis, the approach supports reduced energy use, improved efficiency, and compliance with evolving sustainability requirements.

CIRCULARITY PILOTS ON MATERIALS (EXPLORATORY)

Pilot initiatives explore **reuse and valorisation of materials from decommissioned systems** (e.g. conveyor belts), identifying potential external applications. While demonstrating strong circularity potential, scaling is currently limited by regulatory constraints and underdeveloped recovery value chains, providing insights for future development. Exploration project of replacement of rare earths critical material with alternative materials in magnetic parts of conveyor for derisking of manufacturing.

4 METRICS & TARGETS

The Thames estuary, Great Britain. COSMO-SkyMed Image © Italian Space Agency. Processed and distributed by e-GEOS.

4.1 DATA DRIVEN APPROACH TO SUSTAINABILITY

› **ESG management control** is a **structured process**, ruled by the **Operating Instructions for Integrated Sustainability Processes**, aimed at controlling **Sustainability performance** and ensuring **data accountability**.

› The process involves the **Group's Sustainability Professional Family** and is grounded in the **Sustainability Digital Ecosystem**.

SUSTAINABILITY DIGITAL ECOSYSTEM

DATA INPUT AND VALIDATION

Bottom-up process involving Divisions/Companies fully accountable

SUSTAINABILITY TARGETS

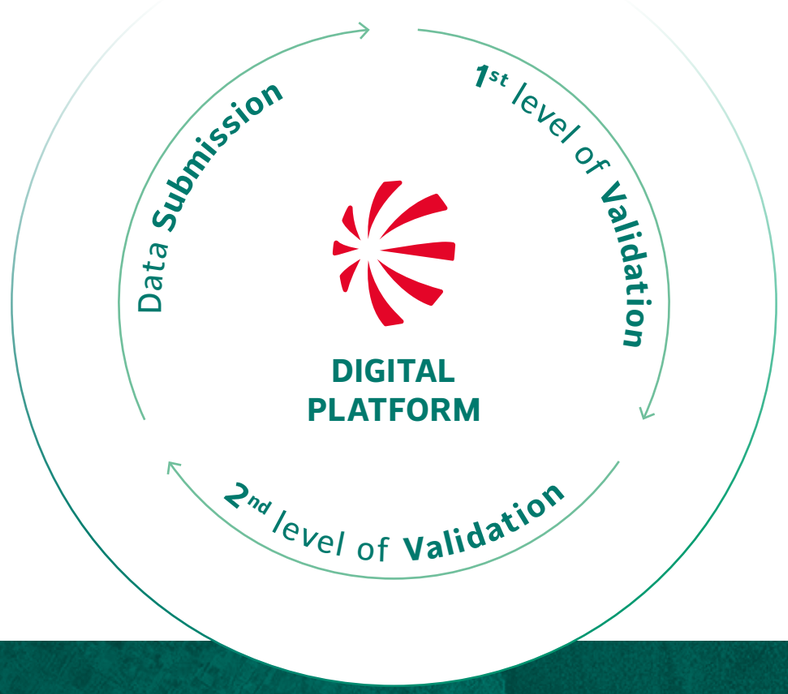
Actual and **forecast of ESG KPIs** to control **progress** vs Group's Sustainability Targets

SUSTAINABILITY PLAN

Project-level control for **Progress, Sustainability performance & Financials**

SUSTAINABILITY INVESTMENTS

Sustainability-linked investments mapped on **material themes** and **areas of impact**



DATA OUTPUT FOR ANALYTICS AND VISUALIZATION

Top-down dissemination with key stakeholders to support decision-making

REAL-TIME DASHBOARDS

Data analytics & visualization available real-time through **advanced dashboards** ingesting data validated within the **digital platform**

MANAGEMENT CONTROL REPORT

High-level reporting for driving the **Group's Sustainability Strategy** and continuously **control** progress and identify action plan

Haouaria, Tunisia. COSMO-SkyMed Second Generation Image © Italian Space Agency. Processed and distributed by e-GEOS.

4.2 PROGRESSION TOWARDS TRANSITION TARGETS

Climate

ELECTRICITY CONSUMPTION

Target: -10% **reduction in consumption of electricity** withdrawn from external grid (reduction calculated as a ratio to revenues) vs 2019

-32%* FY 2025

Target: +90% **of electrical renewable energy** by 2030

+85.8% FY 2025

SCOPE I & II MARKET BASED

Target: 53% **reduction of absolute Scope I & II MB GHG emissions** by 2030 from a 2020 base year

-44% FY 2025

Progress vs Target

82%

SCOPE III - CAT. 1 & 2

Target: 58% of Leonardo's **suppliers by emissions covering scope III - Cat. 1 & 2 will have science-based targets** by 2028

-16% FY 2025

Progress vs Target

28%

SCOPE III - CAT. 3-8 & 11

Target: 52% **reduction of scope III cat. 3-8 & 11 GHG emissions per equivalent flight hour by 2030 from a 2020 base year**

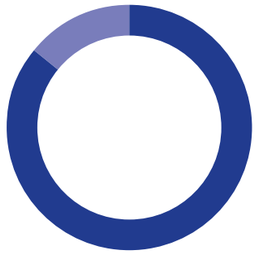
-41% FY 2025

Progress vs Target

78%

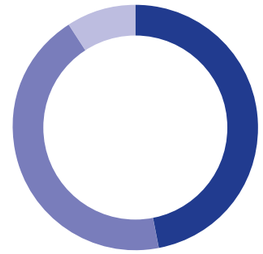
* Target achieved and exceeded.

Electricity consumption by source



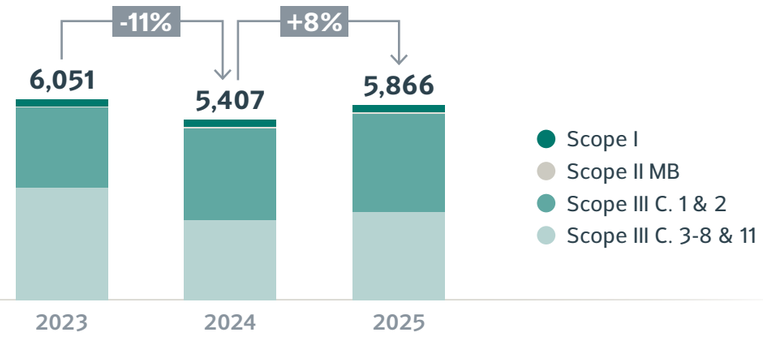
- **86%** Renewable sources
- **14%** Non-renewable sources

Energy consumption by source

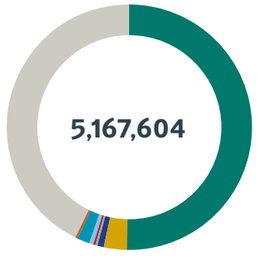


- **47%** Natural gas
- **44%** Purchased energy
- **9%** Other sources (including self-generated energy)

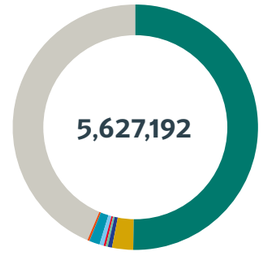
Carbon footprint kton CO_{2e}



SCOPE III



Cat. 1	2,608,667	**Cat. 9**	n.a.	**Cat. 1**	2,843,800	**Cat. 9**	n.a.
Cat. 2	159,300	**Cat. 10**	n.a.	**Cat. 2**	142,219	**Cat. 10**	n.a.
Cat. 3	34,514	**Cat. 11**	2,205,409	**Cat. 3**	35,085	**Cat. 11**	2,449,608
Cat. 4	16,229	**Cat. 12**	n.a.	**Cat. 4**	17,826	**Cat. 12**	n.a.
Cat. 5	22,768	**Cat. 13**	n.a.	**Cat. 5**	18,809	**Cat. 13**	n.a.
Cat. 6	28,649	**Cat. 14**	n.a.	**Cat. 6**	33,167	**Cat. 14**	n.a.
Cat. 7	82,752	**Cat. 15**	n.a.	**Cat. 7**	75,559	**Cat. 15**	n.a.
Cat. 8	9,316			**Cat. 8**	11,118		



4.2 PROGRESSION TOWARDS TRANSITION TARGETS

Nature & Circularity

WATER WITHDRAWALS

Target: 25% absolute **reduction in water withdrawals** by 2030 from a 2019 base year

-23.31% FY 2025

Reduction in absolute value in water withdrawals from acqueducts and wells.

Progress vs Target

93%

Water withdrawals (total)

4,541 megaliters: -2.3% vs 2024

Water withdrawals by source

- **52%** Wells
- **43%** Water supply systems
- **5%** Other sources

Water withdrawals by area

- **39%** Water withdrawal from other areas
- **61%** Water withdrawal water-stressed areas

WASTE PRODUCED

Target: 15% absolute **reduction in total waste generated** by 2030 from a 2019 base year

-21.84% FY 2025

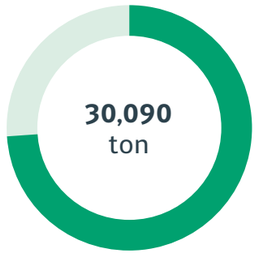
Progress vs Target

146%

Waste produced

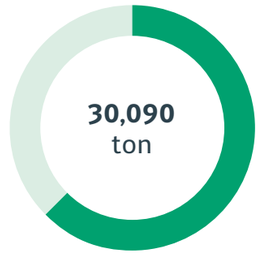
30,090 ton: -7.57% vs 2024

Waste produced



- **74%** Non-hazardous waste
- **26%** Hazardous waste

Waste by disposal method



- **61%** Waste recovered
- **39%** Waste disposed

CIRCULARITY %

Target: 65% circularity rate by 2030, calculated as (Recovered waste + By-products) / (Recovered waste + Disposed waste)

60.5% FY 2025

Progress vs Target

93%

4.2 PROGRESSION TOWARDS TRANSITION TARGETS

People & Digital

WOMEN HIRES

Target: 30% increase in **women** by 2030 vs 2025 baseline

First year of tracking: no progression available

STEM WOMEN HIRES

Target: 24% **women on total new hires in STEM areas** (excluding US) by 2030

21.4% FY 2025

Progress vs Target

89%

WOMEN AT MANAGERIAL LEVELS

Target: 22% **women at managerial levels** by 2030

18.9% FY 2025

Progress vs Target

86%

WOMEN ON TOTAL EMPLOYEES

Target: 22% **women on total employees** by 2030

20.5% FY 2025

Progress vs Target

93%

WOMEN IN THE SUCCESSION PLANS

Target: 27% **women on succession plans** by 2025

29.2% FY 2025

Progress vs Target

108%

CONSCIOUS USE OF AI TRAINING

Target: 50% of **employees involved in the development or use of AI systems trained on the conscious use of AI** in 2027*

First year of tracking: no progression available

EMPLOYEES TRAINED IN DATA PROTECTION AND CYBER SECURITY

Target: 30% of employees **trained on data protection and cybersecurity** in 2027

26.5% FY 2025

Progress vs Target

88%

* Annual data collection

4.3 SCALING THE TRANSITION: EMERGING THEMES

THE CHALLENGE

ADAPTATION

Climate adaptation and energy resilience are becoming critical, as rising physical and systemic risks and increasing investor focus drive the need for more resilient infrastructure and secure energy systems.

$1.2 tn
potential losses by 2050[1]

$200 bn/year
climate damage costs[2]

$2.5 tn/year
clean energy investments[3]

RESPONSIBLE AI

AI is emerging as a core ESG topic, combining sustainability opportunities with increasing risks related to data use, bias, job displacement and cybersecurity.

AI cybersecurity expected to reach
40% of the global market[4]

$86 bn
spending projected to 2027[5]

regulatory pressure (e.g. NIS2 **fines up to 2% revenues**)[5]

RESOURCES and CIRCULARITY

Circularity and natural resources are becoming strategic levers, with increasing pressure on water, waste and critical raw materials supply.

12%→24% by 2030
EU circularity material use rate[6]

Weaponisation of CRM:
China controls ~70% of critical minerals supply[6]

SPACE SUSTAINABILITY

Space is becoming increasingly congested, with growing concerns around debris, environmental impact and regulatory pressure.

Increasing regulatory push
(e.g. Space Act, sustainability requirements)

Approximately 16k satellites are expected to be launched between 2026 and 2030[7]

THE STRATEGIC DIRECTION

- Integrate adaptation into risk management and strategy
- Strengthen climate risk and scenario analysis
- Develop site-level risk assessment tools
- Embed adaptation in long-term planning and investments
- Focus on operational continuity and resilience

- Integrate AI to improve efficiency, transparency, and security
- Apply AI to environmental monitoring and explainable AI to critical systems
- Develop software carbon intensity metrics and AI footprint
- Scale green computing and energy-efficient infrastructure
- Leverage AI for data integration and decision-making

- Develop circular models (recycling, reuse, additive manufacturing, digital twin)
- Tracking and securing (recycling, stockpiling) of critical raw materials and critical products for value chain resilience
- Create closed and open loop circular supply chains in partnership with suppliers
- Scale servitization sharing of products and parts, infrastructures as a service and integrate circularity into business value
- Refurbishing, upgrading of End of Life products as a potential to increase the production throughput

- Strengthen space debris control and traffic monitoring capabilities
- Develop in-orbit servicing capabilities for autonomous maintenance and life extension of satellites
- Expand satellite-based environmental monitoring services and onboard satellite HPC processing
- Align with evolving regulations and international initiatives
- Develop proprietary satellite as a service constellation for strategic autonomy; Resilient photovoltaic energy sources for space and harsh environment

1. World Economic Forum, Mind the adaptation gap: Despite rising climate costs, few companies have adaptation plans.
2. OECD (2023), OECD work on climate adaptation.
3. IEA – International Energy Agency, World Energy Outlook 2025.
4. Kepler Cheuvreux, Thematic & Impact Investing, 3 December 2025.
5. Gartner.
6. Deutsche Bank, Sustainability in 2026: Geopolitical Resilience, Divergence, Economics + AI, 15 January 2026; Internal elaboration.
7. Internal source Novaspace.

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